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Consumer Behaviour Analysis of Generation Y on Banking Market

Analýza spotřebitelského chování generace Y na bankovním trhu

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.....*Karel Kráns*.....

## **Abstract**

This dissertation examines consumer behaviour on banking market in two countries, the Czech Republic and the United Kingdom. In particular, the decision making of consumer when it comes to choosing current bank account is investigated. This study tries to prove how the internal and external factors might influence the different steps in the decision making process of Generation Y, in other words, students and graduates. The overall findings suggest that there are no differences in the examined countries and that the residential country do not affect the bank selecting process. Nonetheless, significant difference with the current bank account satisfaction was found. Also, the results showed some different attitudes and preferences within Generation Y.

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# 1 Introduction

Consumer behaviour is a part of marketing communications that brings psychology and sociology together, what is more, it helps marketers to better understand the customers and the needs they have. Decision-making is the most interesting as well as important part of consumer behaviour. To begin with, Evans, Jamal and Foxall (2009) describe two types of decision making. One with focus on the industrial decision making, which is considered more for B2B markets, where organizations are called customers. The other process of decision making is for individuals who are known as consumers.

Moreover, Shiffman and Kanuk (2010, p. 526) state “a decision is the selection of an option from two or more alternative choices.” Even when there are no choices, which is called Hobson’s choice, one can still make decision and that is to ask themselves a simple question: to buy or not to buy. In most cases, an intelligent individual tends to respond to a problem in way of solving it, furthermore, during this problem solving process consumer goes through five different stages (Solomon, Bamossy, Askegaard & Hogg, 2006). This particular model of decision making was first introduced by John Dewey in 1910 and served since that time as a pillar for other models (Bruner II & Pomazal, 1988). For example, Hawkins and Mothersbaugh (2010) use model of consumer decision process which has six stages. On the contrary, there are seven steps in the Decision-making Process Framework provided by Blacwell, Miniard and Engel (2006). Of course, all models are designed for decision making for products. Nonetheless, Bateson and Hoffman (2011), and Palmer (2014) agree that these models can be used even for services. Although, there is not enough literature written about financial decision making, with some limitations and changes of the basic model, this type of decision making can be applied for financial services as well (Milner & Rosenstreich, 2013). Also, Ennew and Waite (2007) explain the intangibility of services, which is not usual for products, and how it may affect the whole decision process, especially, the perceived risk of purchasing financial services.

Apart from this, Solomon (2015) states that there are three categories of consumer decision making, which are cognitive, habitual, and affective. Additionally, Noel (2009) writes about decision making as an important thing for marketers that helps

them with understanding of consumers thinking, what their preferences are, as well as what they desire, want and need. Furthermore, he also adds that throughout this understanding of consumers, marketers are able to persuade and influence the final choice of consumers. As a rule, marketers like to use basic 4Ps (for products) and 7Ps (for services) models as tools to acquire more customers (Fill, 2013, Egan, 2015). Indeed, marketers for services might use relationship marketing in order to gain and retain as many customers as possible.

This research will be investigating decision making of consumers when it comes to choosing bank with main focus on the current accounts. Moreover, Millennials (also known as Millennial Generation or Generation Y) were selected for this study to find out more about their decisions making. The date of birth of millennials is interpreted by many authors differently, for this study it was decided to include everyone born between 1984 and 1997 (The New Strategist Editors, 2015). In general, Fromm and Garton (2013) explain Millennials as a group of young people who want to actively participate and be part of the action. These people know how to use modern technologies and because of this fact they can be very influential to their peer throughout the social media. As a consequence, banks have adjusted to use FinTech (financial technologies) as a part of their regular services such as internet banking, mobile banking, or even paying with mobile phone. By knowing these facts, this paper will try to discover the influences that affect consumers when selecting bank. Additionally, the levels of satisfaction among consumers will be evaluated in order to assess the overall satisfaction with the chosen banks and the services they offer.

Apart from this, the research will be based on the primary data. Some secondary data may be obtained in this study from the report findings which are accessible throughout the university's library. The primary data will come from the questionnaires that will be distributed via the Internet. To conclude, this study will try to answer the questions about choosing the right bank for students and graduates due to the fact that students of universities may be very valuable assets for the banks as their income is expected to be much higher than those who do not have university degree (Card, 1999). With the obtained data will be analysed the impact of place of birth and the culture surroundings on the decision making of consumers. Also, the important marketing stimuli that help with the selection will be looked in more detail.

## **2 Theoretical Issues of Consumer Behaviour**

### **2.1 Introduction**

In this section the whole process of decision making is covered step by step. Firstly, consumer behaviour will be described in more details (section 2.2) as it serves as main base for decision making.

In section 2.3 and 2.4, the influences that may have impact on the behaviour of consumer as well as the whole decision making process will be clarified. Specifically, external influences and internal process of individuals are going to be mentioned. Starting with external influences which cover firm's marketing efforts (7Ps model, relationship marketing) and consumer's culture such as religion, ethnicity, or other. It is important to point out that external influences are almost the same for both product and service. After external influences, internal influences of consumer take place in this study. In other words, psychological factors that may have impact on decision making. Here is necessary to bear in mind that unlike external influences, internal differ more between products and services.

Subsequently, section 2.5 offers explanation to different types of consumers and their decision making based on the situation. Furthermore, decision making model is mentioned in chapter 2.6, in particular, a brief history and the components that create the whole model.

Then, in section 2.7, the decision making process, as it is depicted in Figure 2.1, is going to be explained. In this section, every step that consumers make when choosing the right bank for them will be explored. Additionally, some issue with selecting financial service, such as perceived risk or the tools to help with the choice, are going to be put forward.

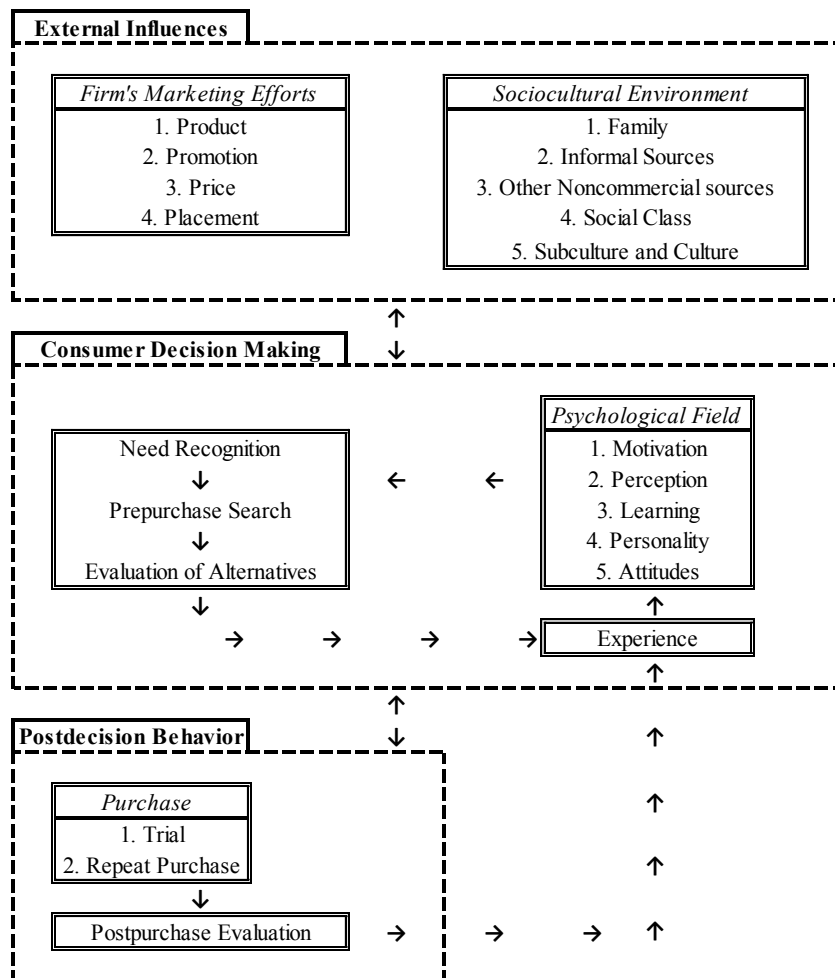


Figure 2.1 “A Simple Model of Consumer Decision Making“(Schiffman & Kanuk, 2007, p. 531)

## 2.2 Consumer Behaviour

Customers and consumers are crucial for service providers, which banks are, therefore is important for bank marketers to understand how and why consumers make decisions (Blackwell, Miniard & Engel, 2001). Consumer behaviour is large field of study, where are considered all aspects that have impact on people (for example age, ethnicity, culture), which later effect their needs, desires, and preferences of selected as well as used products, services, and ideas (Solomon, Bamossy, Askegaard & Hogg, 2006).

Besides, it is also understanding of consumers, what and how they think, how they use the products or services, what are they attitudes towards the brands, how they feel about it (Hawkins, Mothersbaugh 2010). Also, Solomon (2015, p. 29) adds that:



“consumer behaviour is more than buying things; it also embraces the study of how having (or not having) things affect our lives and how our possessions influence the way we feel about ourselves and about each other – our state of being.” If product or service works well then it leads to consumer’s satisfaction and recommendation to other consumers, on the other side dissatisfied consumers can complain and have negative affect on the brand (Noel, 2009). The feedback has become a very important part of consumer behaviour because it can help to build or destroy the whole company.

## **2.3 External influences**

Different factors and forces may come from the consumer’s environment and have an impact on the consumers as they decide which needs have to be satisfied (Noel, 2009). Similarly, consumers have to make decision which product or service must be purchased in order to satisfy those needs that occurred at first place. What is more, Hoyer and MacInnis (2010) agree and describe that consumers must first be aware of their own cultural environment and be engaged in the psychological process. All the forces later might have impact on their motivation, attention, memory, and others aspects to purchase product or service. As a consequence, there are two major categories: Firm’s marketing efforts and the consumer’s culture.

### **2.3.1 Firm’s marketing efforts**

Companies and marketers all around the world like to use the most famous and basic marketing communications named marketing mix (also known as 4Ps). The first mention of marketing mix was in 1950’s by Neil Borden, however, it was Jerome McCarthy in 1960 who first introduced the concept of four Ps, which contains product, place, price, and promotion (Egan, 2015). This basic model helps companies to develop a special and unique marketing profile for a certain brand or product throughout combining every element of the mix. Although, Bateson and Hoffman (1999, 2011), and Palmer (2014) argue that to create a marketing profile for a particular service the traditional marketing mix of 4Ps cannot be used. For this situation it is appropriate to use the **7Ps** model, which is the regular 4Ps model expended by three additional marketing mix variables, these are:

<b><i>People</i></b>	“The “people” factor in the marketing mix emphasizes the important role played by individuals in the provision of financial services” (Ennew & Waite, 2007, p. 177). In general, customers may have difficulties to understand financing and therefore, they can ask professionals to help them.
<b><i>Process</i></b>	When providing service, customers participate during this process. This can be done actively or passively but most importantly, customers have to be present physically (Bateson & Hoffman, 2011).
<b><i>Physical Evidence</i></b>	As services are intangible the quality cannot be judge until the consumption and to reduce this perceived risk customers are often provide with physical (tangible) evidence such as booklets, or buildings (Palmer, 2014).

**Table 2.1 Additional Ps in 7Ps model**

Apart from this, important part of providing services is relationship between provider and buyer. ***Relationship marketing*** is mostly used by firms offering services and it is about building trust with the customers as well as keeping promises of firm in the long-run (Schiffman & Kanuk, 2007). Equally, Solomon (2015, p. 32) state that marketers “interact with customers on a regular basis and give them solid reasons to maintain a bond with the company over time.” Also, Bateson and Hoffman (1999) confirm that is important for service provider to keep the customers satisfied and throughout this is then possible to build trust, commitment, and long term relationship.

### **2.3.2 The consumer’s culture**

Culture has many aspects but what is more important culture is “a shared, learned, symbolic system of values, beliefs and attitudes that shapes and influences perception and behaviour” (Noel, 2009, p. 44). Alternatively, Hoyer and MacInnis (2010, p. 13) refer to culture as “the typical or expected behaviours, norms, and ideas that characterize a group of people. It can be a powerful influence on all aspects of human behaviour.” Consumers shape and reflect their behaviour based on culture as well as surroundings which then may change their perception and processing information. Moreover, culture is absorbed throughout learning process which requires people to be part of socialization, interaction, or observation of their environment (Szmigin & Piacentini, 2015).

Following are described all factors in the environment/surroundings that may influence consumers and their decisions:

<b><i>Religion</i></b>	Religion give consumers “a structured set of beliefs and values that guide their behaviour and help them make choices” (Noel, 2009, p. 50). Furthermore, religion or traditions can have impact on consumer behaviour as religion may prevent purchasing of certain products or services (Hoyer and MacInnis, 2010). For instance, Muslims cannot pay interests as it is against their religion, therefore, banks must provide different service (Ennew & Waite, 2007). Similarly, Solomon, Bamossy, Askegaard and Hogg (2013) agree and add that religion can affect other factors which influencing consumer behaviour such as personality, attitudes and much other. In conclusion, all authors agree with the point that religion has not been studied thoroughly, nonetheless, it can be very influential for decision making process.
<b><i>Ethnicity</i></b>	Solomon (2015) describes an ethnic subculture as “a self-perpetuating group of consumers who share common cultural or genetic ties, where both its members and others recognize it as a distinct category.” Again, Hoyer and MacInnis (2010) describe that ethnic groups have similar heritage and values, therefore, these groups bound together which can strongly influence their behaviour. Besides, Solomon (2015) expands that in a heterogeneous societies (for example the United States or United Kingdom) which have many different cultures, consumers try to find their own cultural identification instead of being part of the dominant group and falling into mainstream. As a consequence, these ethnic groups may prefer different products and services.
<b><i>Gender</i></b>	Gender identity is very important part of the consumer’s culture. Hoyer and MacInnis (2010, p. 308) describe gender as “a biological state (male or female)”, whereas sexual orientation reflects “a person’s preference toward certain behaviours.” People tend to do what is expected from them by others based on their gender (Solomon, 2015). Furthermore, Men and women have a large scale of differences in their consumption behaviours (Solomon, Bamossy, Askegaard & Hogg, 2013). Some differences can be find when it comes to choosing cars, clothes and many other products. The same theoretical assumption can be applied for selecting banks and other type of services (Bateson & Hoffman, 2011).
<b><i>Reference groups</i></b>	Consumers are most likely to be surrounded by others when consuming and therefore their ideas, opinions, or decision are often influenced by people who

	<p>are close to them (Szmigin and Piacentini, 2015). Every consumer is at least a part of one group among all the different groups that exist, for instance formal or informal groups, group from personal (family, friends) or professional world (classmates, co-workers), or it can even be imaginary group or individual (famous person) (Solomon, Bamossy, Askegaard &amp; Hogg, 2013). People like to be accepted by others and therefore they look for clues how they can become identified by others and fit in. These mentioned groups play the most important role late in the decision making process. As banks offer intangible services word of mouth from reference groups is crucial and very influential to make the final decision (Eenew &amp; Waite, 2007)</p>
<b><i>Social class</i></b>	<p>“A consumer’s social class refers to their standing in society. It is determined by a number of factors, including education, occupation and income” (Solomon, Bamossy, Askegaard &amp; Hogg, 2013, p. 137). Moreover, products and services, which are seen as status symbols, are mostly bought by people to show their social status. However, social class is often seen as economic or financial resources that are available to people and, as a result, the buying power they hold (Szmigin and Piacentini, 2015).</p>
<b><i>Age subcultures</i></b>	<p>Consumers are segmented to different categories based on the year they were born in. The purpose of this segmentation is that people from the same age category have similar life experiences, therefore, they share common needs and memories (Hoyer &amp; MacInnis, 2010). People are more likely to have more in common with others of the same age. In other words, as Solomon, Bamossy, Askegaard and Hogg (2013, p. 461) explain “the era in which a consumer grows up creates for that person a cultural bond with the millions of others born during the same time period.” As a consequence, marketers distinguish these age cohort categories. For example, <i>Generation Y</i>, <i>Generation X</i>, <i>boomers</i>, or <i>seniors</i>. The same age groups have similar expectations of products and services, therefore, the decision to choose certain bank can be made on this premise of age as consumers expect to get service that obtains internet banking or mobile banking (Palmer, 2014).</p>

**Table 2.2 Consumer’s culture factors**

## **2.4 Internal process**

### **2.4.1 Psychological core (processes)**

#### ***Personality***

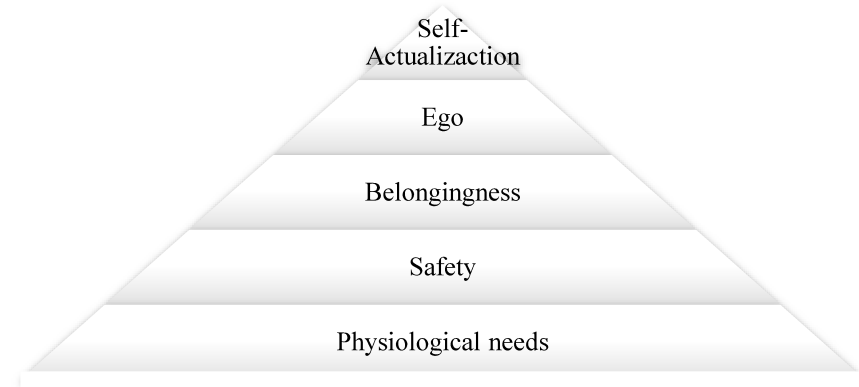
Even though consumers may have come from the similar surroundings or backgrounds, they do not have to react same to the same situation (Hoyer and MacInnis, 2010). This is caused by distinction of consumer's personality. To be more precise, Hoyer and MacInnis (2010, p. 371) add that personality consists of "the distinctive patterns of behaviours, tendencies, qualities, or personal dispositions that make one individual different from another." This leads to different consumer behaviour and responses to various situations. Every consumer is special and unique, although in some cases, they might have the same reaction to the same situation. Based on the type of personality, consumer can prefer some services (banks) and choose it because of the inner forces that lead them to do so (Bateson & Hoffman, 2011)

#### ***Motivation***

"Motivation is the reason for behaviour. A motive is a construct representing an unobservable inner force that stimulates and compels a behavioural response and provides specific direction to that response. A motive is why an individual does something" (Hawkins, Best & Coney, 1995, p. 205). Indeed, Evans, Jamal, and Foxall (2009, p. 6) agree as they explain motivation "as a basic concept in human behaviour and the driving force within individuals that moves them to take a particular action," which would not exist without unfulfilled needs and desires as they appear as a feeling or tension. Furthermore, Chisnall (1995) explains motivation as an "energizing force" which leads consumers close to their desires and needs. He also adds that there is close relations among needs, desires, and motives. Without motivation there would be no need for decision making process. It all starts with simple motive or need of anything and therefore is the first part of decision process, the problem recognition which will be more specified later.

The best known theory of motivation is Maslow's Hierarchy of Needs (Figure 2.2). Its title itself say that this theory is represented as a hierarchy of needs. Evans, Jamal & Foxall (2009), Solomon, Bamossy, Askegaard & Hogg (2006) explain this

theory where needs have to be satisfied in order to move to higher level of the hierarchy, if people are not able to fulfil their needs then they cannot advance further. The top point is *Self-actualization*, which according to Maslow cannot be never fulfilled (Maslow, 1943). To sum up, if consumer does not have bank account, the need to have one appear, therefore, the consumer is motivated to obtain one.



**Figure 2.2 Maslow's Hierarchy of Needs**

### ***Perception***

Perception is the process when consumers is exposed to a stimulus and devote attention to it throughout one of the five senses which are vision, hearing, taste, smell, and touch (Hoyer and MacInnis, 2010). Equally, Szmigin and Piacentini (2015, p. 148) agree as they explain perception as “the process through which information in the form of stimuli in the environment is selected, organized, and interpreted through the sense organs.” In other words, when consumers make decisions, they are not responding only to the influences that are around them, but they are responding to their own interpretations of those influences. The whole process goes through five stages: Exposure to stimuli, Sensory receptors, Attention, Interpretation, and Response (Solomon, Bamossy, Askegaard & Hogg, 2013).

### ***Learning and memory***

Szmigin and Piacentini (2015, p.120) explain learning as “the activity or process of acquiring knowledge or skill by studying, practicing, or experiencing something.” In fact, learning can change consumer's behaviour and their attitudes towards products or services as they learn how to use them. Learning is a never ending process of absorbing new knowledge and information throughout consumer's life (Solomon, Bamossy, Askegaard & Hogg, 2013).

Apart from this, memory is what consumers are able to remember about products, services as well as experiences that they have learned in the past (Hoyer and MacInnis, 2010). Alternatively, as Szmigin and Piacentini (2015, p. 135) describe “memory is a system and a process whereby information is received, sorted, organized, stored and retrieved over time.” What is more, memory reflects consumer’s prior knowledge. The process of remembering and accessing information in consumer’s memory is called retrieval (Solomon, Bamossy, Askegaard & Hogg, 2013). To conclude, consumers might have knowledge about banks and by using the memory they can access it, otherwise, if the knowledge or memory is missing, they have to obtain the information by learning and storing in their memory.

### ***Attitudes and Persuasion***

Attitude is a general evaluation that formulates if consumer like or dislike products/services (Hoyer and MacInnis, 2010). Furthermore, Szmigin and Piacentini (2015) adds that attitude is learned by previous experiences with product/service as well as what consumers think of it, how it makes them feel, and what they do with it. Moreover, attitude differs from one culture to another and it can vary depending on the gender of consumers or as Solomon, Bamossy, Akegaard and Hogg (2013, p. 324) describe it “an attitude is predisposition to evaluate an object or product positively or negatively.”

## **2.5 Types of consumer decisions**

Schiffman and Kanuk (2010) write about different levels of decision making which are based on how many information is required to purchase product or service. Moreover, Fill (2013) adds that the consumers do not always follow the usual steps of decision making because there are other factors to consider that may influence individuals such as time limitation, consumer’s past experience, or levels of perceived risk.

**Extensive (extended) problem solving** – consumers do not have exact criteria and must undergo certain risk as they are not fully aware of the offered services. Therefore, there must be spend more time to collect information which are considered from various types of sources. As a fact, this type can be easily applied to consumers

who have to obtain current account and select bank for the first time (Schiffman & Kanuk, 2010, Solomon, Bamossy, Askegaard and Hogg, 2006).

**Limited problem solving** - “Consumers already have established the basic criteria for evaluating the product category and the various brands in the category” Schiffman, Kanuk (2010, p. 479). this type of problem solving can be applied for selecting bank, whereas in the extensive problem solving consumer was choosing bank for the first time, here consumer wants to open another account or purchase different service from bank and already has the previous experience.

**Nominal problem solving** – this type cannot be applied to services. Mostly, it is used for purchasing products in supermarket as the consumers have already made countless of purchases (Fill, 2013).

**Affective decision making** – these decisions are based on the emotional reaction of consumers as it affect the final purchase. In general, banks want people use this type of decision making, therefore, they use relationship marketing (Eenew & Waite, 2007).

## **2.6 Decision making model**

First decision making model was introduced in 1910 by John Dewey, and it included these five stages: problem recognition, information search, alternative evaluation, choice and outcomes (Bruner II & Pomazal, 1988). All segments listed above will be described more precisely later in this dissertation. Solomon, Bamossy, Askegaard and Hogg (2006), Dahlen, Lange and Smith (2010), Bateson and Hoffman (2011) separate the decision making process into three different stages which are pre-purchase stage (stimulus, problem awareness, information search, evaluation of alternatives), purchase or consumption stage (choice) and post-purchase stage (post-purchase evaluation). In addition, there are two perspectives how to look at this model: Consumer’s perspective and Marketer’s perspective. On the other hand, alternative model of decision making model focused especially on services was designed to point out risks that consumers must undergo when they are purchasing service (Fisk, 1981 cited by Palmer, 2014). What is of course the most important, that consumers follow the same steps in their decision making with both product and service. However, in the early stages the behaviour of consumer is most likely the same for products and



services, the later stages are more different (Ennew & Waite, 2007, Bateson & Hoffman 1999, 2011).

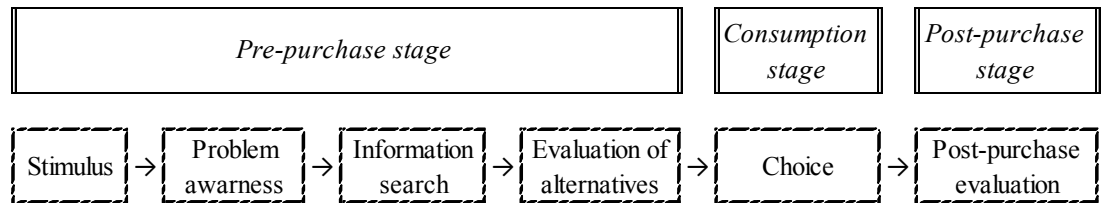


Figure 2.3 Decision Making Model for services  
(Based on Bateson & Hoffman, 2014)

## 2.7 Decision Making Process

### 2.7.1 Pre-purchase stage

Every purchasing situation starts with a stimulus (thought, action, or motivation) which may then trigger the awareness of consumer's need for a certain product or service (Bateson & Hoffman, 2011). Furthermore, Palmer (2014, p. 419) states "the initial stimulus can be distorted, resulting in different individuals responding in different ways to a similar stimulus." As a rule, different types of stimulus may occur. Firstly, *commercial cue* is the result of marketing efforts of companies to gain potential buyers. Secondly, *social cue* differs from consumer's peer and their impact (for example individual decides to buy a product or service because all friends have it). Lastly, *physical cues* are generally biological cues such as hunger and thirst.

### 2.7.2 Pre-purchase stage - Needs or problem recognition

As stated previously, motivation is the base for all needs that consumer has (see the chapter about internal processes). Yet, there is a difference between a need (shortage of product/service) and a desire (unfulfilled desire with current product/service) (Bateson & Hoffman, 2011). What is more, Hoyer & MacInnis (2008, p. 194) say that consumer must identify a problem that needs to be solved. Besides, it is "the perceived difference between an ideal and an actual state."

Indeed, Solomon (2015, p. 70) agrees and explain it as a situation when consumers "experience a significant difference between their current (actual) state and

some state they desire (ideal state).” Additionally, Bruner II and Pomazal (1988, p. 54) explain desired and actual state like this: “The former refers to the way a person would like a need to be met whereas the latter has to do with the degree to which a perceived need is actually being met.” To put it more simply, one has to maintain balance between these two states. To illustrate, after opening a new current bank account there is no more need for another account because the actual and desired state has been brought together. Before the opening, the actual state was missing of current bank account whereas the desired state was to open current bank account. However, later a need for another bank account can be recognized (due to unfulfilled expectation or other reason) and the process starts again.

Alternatively, Hoyer and MacInnis (2010) refer to ideal state as expectation, aspiration, or future goals that are stimulated by person’s own motivation based on his or her self-image. Similarly, they explain actual state as a state or situation where is person right now. Also, Dahlen, Lange and Smith (2010) mention the time as factor that may influence the need. To demonstrate, consumers recognize different needs during the weekdays compared with weekends, even more recognisable differences come over longer time period (for example seeking for job, planning to have family). In addition, Rossiter and Percy (1992) describe different type of needs occurring during purchase motivations which they separated to informational motivations (need in the actual state) and transformational motivations (need to move to a desired state).

### **2.7.3 Pre-purchase stage - Information Search**

Information search can be explained as following: “the motivated activation of knowledge stored in memory, or acquisition of information from the environment, concerning potential need satisfiers” (Blackwell, Miniard & Engel, 2006, p. 107). Indeed, Solomon (2015, p. 70) concurs and expands this statement by pointing out that information search is “the process by which consumers survey the environment for appropriate data to make a reasonable decision.”

In general, most of the researchers and writers agree that there are two types information search: internal and external (Clow & Baack, 2007, Ennew & Waite, 2007, Dahlen, Lange & Smith 2010, Bateson & Hoffman 2011, Solomon, 2015). To begin with, when consumer is aware of the problem they begin with internal search. In other

words, they access their own memory where may be saved information heard in the past or experiences with solving similar problem. For this reason, Bateson and Hoffman (2011) state three different sets appearing during internal search.

Firstly, *awareness set* is the set of all alternatives that consumer knows or is aware of their existence. Secondly, *evoked set* is shorted list of awareness set or in other words the alternatives that consumer remembers during the decision making. Thirdly, the products or services that consumer seriously considers are in *consideration set*. Furthermore, Clow and Baack (2007) and Dahlen, Lange and Smith (2010, p. 65) add *inept set* which they explain as “alternatives that have been rejected, due to previous experiences, concerns, price, or aversion” and *inert set* which are brands that exist but consumer may not be aware of it (see Figure 2.4). Yet, in the view of Clow and Baack (2007), Dahlen, Lange and Smith (2010), and Solomon (2015) some of the sets listed above are mentioned during the evaluation and selection phase. After all, the sets can appear during the information search as well as evaluation process.

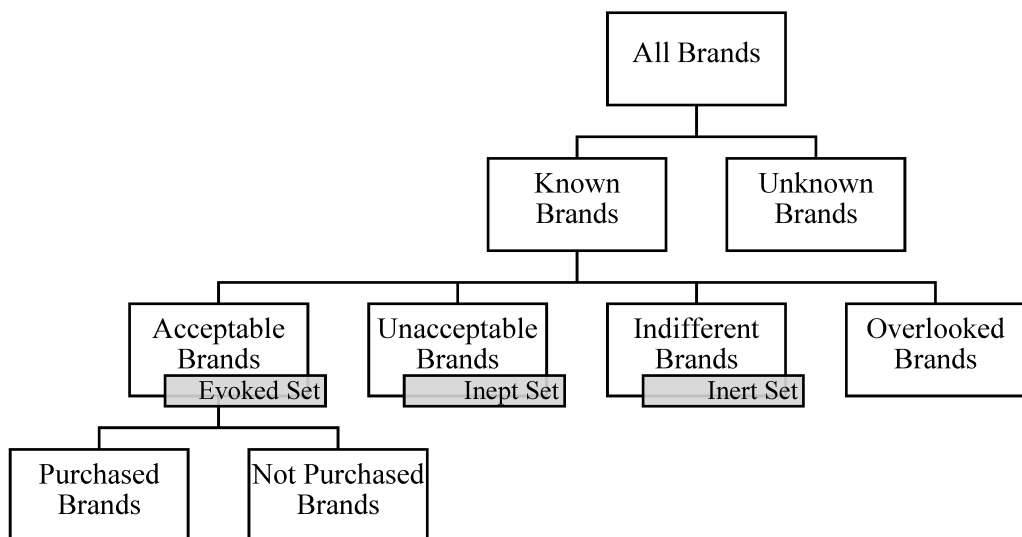


Figure 2.4 “The Evoked Set as a Subset of All Brands in a Product Class”  
(Schiffman & Kanuk, 2007, p. 536)

When all available information is retrieved from the memory and consumer still need to obtain more, then the internal search is followed by external search. Naturally, external information come from different sources such as friends, relatives, experts, advertisements, or the Internet. As a consequence, crucial role plays here word of mouth (what other people say about product/service) and reference groups (what kind of product/service other people use) (Palmer, 2014).

In addition, Clow and Baack (2007), Dahlen, Lange and Smith (2010), and Solomon (2015) observe that there are several factors that may influence the time and effort consumers spend on the search, for instance it can be involvement, perceived risk, knowledge, ability to search, or motivation. Also, an interesting paradox appears during external search, Bettman and Whan Park (1980), Moore and Lehmann (1980), and Cobb and Hoyer (1985) confirm that the consumers who know almost nothing about product/service and the ones who are “experts in the area” spend the same amount of time and effort on search, whereas, those who have already some knowledge spend more time and effort on the search than the previous two consumers. In conclusion, a report from agency GroupM and comScore found out that “nearly 60 percent of cases that end in a purchase begin with search (of the Internet)” and also that “40 percent of consumers who use search in their path to purchase are motivated to use social media to further their decision making process” (Sterling, 2011). Evidently, social media such as blogs, consumer reviews, YouTube, Twitter and Facebook play important role and their power cannot be ignored.

Besides the two main types of search, Bloch, Sherrel and Ridgway (1986) declared two additional types of search which are prepurchase search and ongoing search. Initially, prepurchase search is the typical search when consumers recognize a particular need they have and throughout the information search they try to solve the problem by satisfying (purchasing) the need (product, service). On the other hand, ongoing search is defined as “search activities that are independent of specific purchase needs or decisions” (Bloch, Sherrel & Ridgway, 1986, p. 120). As an example, some consumers like to be informed about the new trends and technologies in the marketplace and therefore they keep looking for additional information.

#### **2.7.4 Pre-purchase stage - Evaluation of Alternatives**

Once consumer is done with the internal and external search, the evaluation of alternatives takes place in the decision making process. Dahlen, Lange and Smith (2010, p. 63) comment this phase as following: “Evaluation of alternatives takes place when consumers consider the relative merits of different brands to fulfil the needs identified.” Also, Schiffmna and Kanuk (2007) point out that during this stage decision strategies (also known as heuristics) are used to help consumers with their evaluation. Again, the

consideration set mentioned in information search takes place during the evaluation because there are all alternatives consumer seriously considers which can be later purchased. What is more, Bateson and Hoffman (2011) believe there might be two possible ways to consider the alternatives which are nonsystematic evaluation and systematic evaluation.

Firstly, the nonsystematic evaluation is described as “using of intuition and simply choosing an alternative by relying on a gut-level feeling” (Bateson & Hoffman, 2011, p. 90). Secondly, systematic evaluation is more complex therefore consumer has to use matrix or multi-attribute models to help them with the evaluation. In like manner, Clow and Baack (2007), Dahlen, Lange and Smith (2010), Palmer (2014), and Solomon (2015) confirm that consumer has to create evaluation criteria based on attributes that are the most important to them. Additionally, Alba and Chattopadhyay (1986) and Dahlen, Lange, and Smith (2010) report the important role of salience which is one particular determinant (attribute) that is for consumer more important than the others and therefore it strongly affects the decision making process.

Consumer may have different approaches for creating own evaluation matrix model (Figure 2.5). To demonstrate, Schiffman and Kanuk (2007), and Palmer (2014) write about ***linear compensatory approach*** when consumer align every single attributes based on weight importance and then they make sum of all attributes together and product/service with the highest score will be chosen. In Figure 2.5, each attribute score (ranking range from 1 (lowest) to 10 (highest)) was multiplied by the importance weights and then all attributes were summed up together which gave the total score. Clearly, the highest score obtained Bank Y so consumer would choose this bank.

Moreover, another approach is called ***lexicographic*** and a consumer makes decision based on the score of the most important factor, if product/service has the same score then the decision will be based on the second most important factor and so on (Bateson & Hoffman, 2011, Solomon, 2015). For example, Figure 2.5 shows the most important attribute is reputation and therefore consumer would decide for Bank X as it has the highest score of all three banks for reputation even when the sum up of all scores is not the highest.

Also, Solomon (2015) states two more rules that might be used by buyers. Firstly, *elimination-by-aspects rule* works similarly as lexicographic approach but only difference is that the consumer makes a specific requirement that product/service must have. To illustrate, consumer can expect from bank that friendliness of staff must have higher score than 7. Normally, by using lexicographic rule Bank X would be chosen but due to the mentioned requirement, consumer would consider Bank Y as they friendliness score is higher. Secondly, *conjunctive rule* is based on minimal rating for each attribute. If any of the product/service do not meet the minimum then adjustment to of this decision rule must be made. As an example, if consumer decides that each attribute must have at least 7 points then Bank Z would be selected as it is the only one which meets the criteria.

CONSIDERATION SET OF BANK ALTERNATIVES				
ATTRIBUTES	IMPORTANCE WEIGHTS	Bank X	Bank Y	Bank Z
<i>Reputation</i>	10	10	8	7
<i>Number of ATMs</i>	9	8	7	9
<i>Low Fees</i>	8	7	8	7
<i>Internet Banking</i>	7	7	9	7
<i>Friendliness of staff</i>	6	6	8	7
<i>Tradition</i>	5	6	6	8
<b>TOTAL SCORE</b>	-	<b>343</b>	<b>348</b>	<b>338</b>

Figure 2.5 “Consideration Set of Bank Alternatives”  
(Based on Bateson & Hoffman 2011, Palmer 2014, Solomon 2015)

### *Perceived risk*

With every purchase of product/service, consumer undergoes a certain kind of risk and before the final decision they will make, they have to consider if they are willing to undergo this so called perceived risk. Perceived risk appears when consumers believe that “there may be negative consequences if they choose the wrong option” (Solomon, p. 63, 2015). Kaplan, Szybillo and Jacoby (1974) identify five different types of perceived risk that are common in many purchase situations. The situations are based

on financial, performance, physical, social, and psychological outcomes. Firstly, ***financial risk*** comes when there is a possibility for consumers of losing their capital (money or property). Secondly, ***performance risk*** assumes that the item or service purchased by consumer will not meet their desired need and not perform as expected. Then, ***physical risk*** is if there is a potential danger of damaging consumer's health by purchased product. Next, ***social risk*** refers to harming of social status or self-confidence, in other words, consumer may be afraid of the reaction of other people. Lastly, ***psychological risk*** differs from each individual on how they perceive morals and ethics, also, psychological risk can be explained how the purchase will affect consumer's self-esteem.

All the mentioned types of perceived risk can be applied for both product and service. However, purchasing of service, especially financial service, can be more intensive experience with higher complexity of interactions than purchasing of product (Ennew & Waite, 2007). Therefore, consumer may not always receive the same experience and quality of certain service, which have been provided to other consumer (Bateson & Hoffman, 2011). Apart from this, Palmer (2014) confirms the difference as he explains that services have less tangible evidence on which consumer can base their pre-purchase evaluation. As a result, consumer's evaluation is being based on "tangible evidence and price rather than the core service offer" (Palmer, p. 205, 2014) In conclusion, when consumers decide to purchase a particular service they experience potentially higher perceived risk than when they are in the same situation but they want to purchase a product.

There are several factors that influence perceived risk particularly when consumers purchase service. Ennew and Waite (2007), Bateson and Hoffman (1999, 2011) and Palmer (2011) concur about these factors which are tangibility, buyer's involvement, novelty of purchase, risk threshold. Firstly, the level of tangible evidence helps consumer with the decision of purchasing service. As an example, the tangible evidence can be a building where the bank is located. Next, the higher consumer involvement in the purchase is the higher perceived risk they will experience. Subsequently, the novelty of purchase happens to consumer with no experience in such a purchase, therefore their level of risk will be much higher than the risk of those who have already been involved in it. In addition, risk threshold refers to consumers who are

prepared (or not prepared) to take risk even with unknown services. For instance, new banks at the market. What is more, Palmer (2014) states situational factors which are situations where consumers lower their risk threshold in order to purchase unknown service because of their need for it. To reduce perception of risk banks are using a perception of safeguards which is “an extensive protection mechanism that prevents small savers losing deposit paid to regulated banks” (Palmer, 2014, p. 205).

#### **2.7.5 Consumption stage**

After evaluation of the all other choices consumer has, comes the consumption stage and the final decision of choosing product/service. In most cases, the consumption stage is defined as “the activities of buying, using, and disposing of a product” (Bateson & Hoffman, 2011, p. 91).

#### **2.7.6 Consumption stage - Product choice and purchase**

Dahlen, Lange, and Smith (2010, p. 66) believe that purchase is “the least complex part of the process.” Although, their statement might be right for usual goods and products, it is not the case of purchasing services. According to Bateson and Hoffman (1999, p. 25), “this stage (choice and purchase) is more complex for services” as the personal interaction with the service provider has to be made in order to purchase service. What is more, these interactions with service facilities and personnel are necessary for consumer, otherwise it would be impossible to make a purchase.

By the same token, Milner and Rosenstreich (2013, p. 115) confirm that purchase is significant part of whole process as it is “highly behavioural aspect” and a final result of decision making. Furthermore, they suggest that decision of purchasing and purchasing itself are separated as it is explained that consumers may have done the final decision but due to their financial means to complete transaction or because of the higher perceived risk, that purchasing of service brings, they can postpone the purchase and even forget it as the need arousal might be reduced. For this reason, the interaction between buyer and supplier is important as it influence the quality of service output (Ennew & Waite, 2007). Also, Bateson and Hoffman (1999, p. 25) observe that “service firms play an active role in the customer consumption activities because services are produced and consumed simultaneously.” Besides, they consider that post-purchase evaluation appears also during the choice as customers may evaluate the quality of

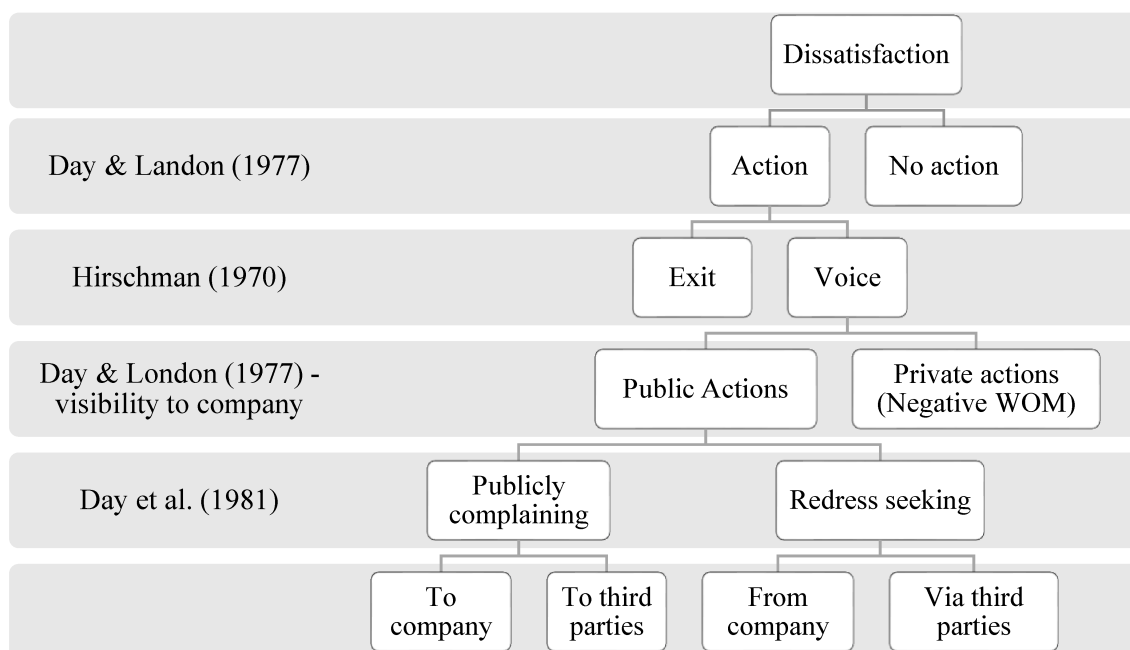


service while they interact with the service provider. In conclusion, this can be used by marketers to influence consumer's post-purchase evaluation.

### **2.7.7 Post-purchase stage – Post-purchase evaluation**

As mentioned in previous chapter, post-purchase evaluation of service may appear during the consumption stage due to the fact that interaction must be made in order to purchase service, and therefore, consumers tend to evaluate quality of the service while they purchase it. In the view of Dahlen, Lange, and Terry (2010, p. 68) the post-purchase evaluation is about “satisfaction/dissatisfaction of the need that initiated the process.” Similarly, Blackwell, Miniard and Engel (2001), Szmigin and Piacentini (2015) describe the disconfirmation paradigm or expectancy disconfirmation model as it is the difference of consumer's expectations of performance of product/service that appeared during the prepurchase stage and the real experience in the postpurchase stage. What is more, Blackwell, Miniard and Engel (2001, p. 176) explain when product/service “delivers less than expected then it is *negative disconfirmation*, on the other hand, *positive disconfirmation* exists when it provides more than expected, and finally, *confirmation* is when its performance matches expectations.”

When consumer receives good service and is satisfied with the purchase then it can influence them to purchase another service/product from the same provider, moreover, it may lead to positive word of mouth and this means that the satisfied consumer can influence and convince other people to make the same purchase (Bateson & Hoffman, 1999, Blackwell, Miniard & Engel, 2001, Palmer, 2014). On the contrary, Blackwell, Miniard and Engel (2001), and Szmigin and Piacentini (2015) point out that negative word of mouth might have strong influence on reputation of company as well as it can reduce its number of customers. Also, they state that negative word of mouth can lead to complaints and then consumers have to decide whether they make some necessary steps to solve their dissatisfaction. The particular steps can be seen in Figure 2.6.



**Figure 2.6 “The integrated model of customer complaining behaviour”**  
 (Szmigin & Piacenetini, 2015, p. 97, based on Istanbulluoglu, 2013)

Moreover, Ennew and Waite (2007), Schiffman and Kanuk (2007), Dahlen, Lange and Terry (2010), Bateson and Hoffman (2011), and Palmer (2014) agree that whatever are consumers dissatisfied or uncertain about their decision they might experience cognitive dissonance. According to Palmer (2014, p. 92), it is “the psychologically uncomfortable state following the act of choosing between a set of alternatives, which motivates an individual to do something to eliminate the inconsistency between thoughts and behaviour, thereby reducing the dissonant state.” Likewise, Bateson and Hoffman (2011) confirm that cognitive dissonance appears due to the consumer’s doubts whether they have made the right choice. Indeed, Ennew and Waite (2007) comment that if the level of cognitive dissonance is high then it may reduce brand loyalty as well as it convinces customers to switch their bank account. In addition, if consumer had too much choice then they may feel regrets about the wrong decision and even experience psychological anxiety (Palmer, 2014). Conversely, consumers who want to be seen as the one who make rational and good decisions even when their choice is not perfect are experiencing cognitive consistency (Dahlen, Lange & Terry, 2010).

Based on the data consumer used during evaluation of alternatives, the matrix can be utilized by perception score and satisfaction score (Bateson & Hoffman, 2011). In Figure 2.7 are shown data, which are based on the same type of calculation as the one from evaluation of alternatives. Data in the matrix are following: expectation score (how was customer visualizing the service provided by Bank Y), perception score (what customer actually got when the decision has been made), satisfaction score (difference between perception and expectation score), and customer evaluation, which is based on the disconfirmation paradigm described earlier (satisfied = confirmation, dissatisfied = negative disconfirmation, delighted = positive disconfirmation). In conclusion, customer is dissatisfied with chosen bank because their expectations were higher and in reality the bank did not satisfy customer's needs.

POST PURCHASE EVALUATION FOR BANK Y					
ATTRIBUTES	IMPORTANCE WEIGHTS	PERCEPTION SCORE	EXPECTATION SCORE	SATISFACTION SCORE	CUSTOMER EVALUATION
<i>Reputation</i>	10	8	8	0	<i>Satisfied</i>
<i>Number of ATMs</i>	9	9	7	18	<i>Delighted</i>
<i>Low Fees</i>	8	6	8	-16	<i>Dissatisfied</i>
<i>Internet Banking</i>	7	8	9	-7	<i>Dissatisfied</i>
<i>Friendliness of staff</i>	6	7	8	-6	<i>Dissatisfied</i>
<i>Tradition</i>	5	6	6	0	<i>Satisfied</i>
<b>TOTAL SCORE</b>	-	<b>337</b>	<b>348</b>	<b>-11</b>	<b>Dissatisfied</b>

Figure 2.7 "Postpurchase Evaluation for Chosen Bank  
(Based on Bateson & Hoffman, 2011)

Apart from this, Ennew and Waite (2007) highlight the importance of buyer-seller relationship in the financial service sphere as it is challenge for marketers to maintain contact with the customer. Also, they add that once acquired customer does not necessary has to stay with the same company. In like manner, Dahlen, Lange and Terry (2010), and Schiffman and Kanuk (2007) agree that large part of marketing communications should be focused on post-purchase evaluation as it may increase customer loyalty and reputation of company. Besides, companies may base their competitive strategy on the dissatisfied customers of their competitors and throughout that convince them to switch to their service (for example bank can base its advertisement on low fees) (Blackwell, Miniard & Engel, 2001).

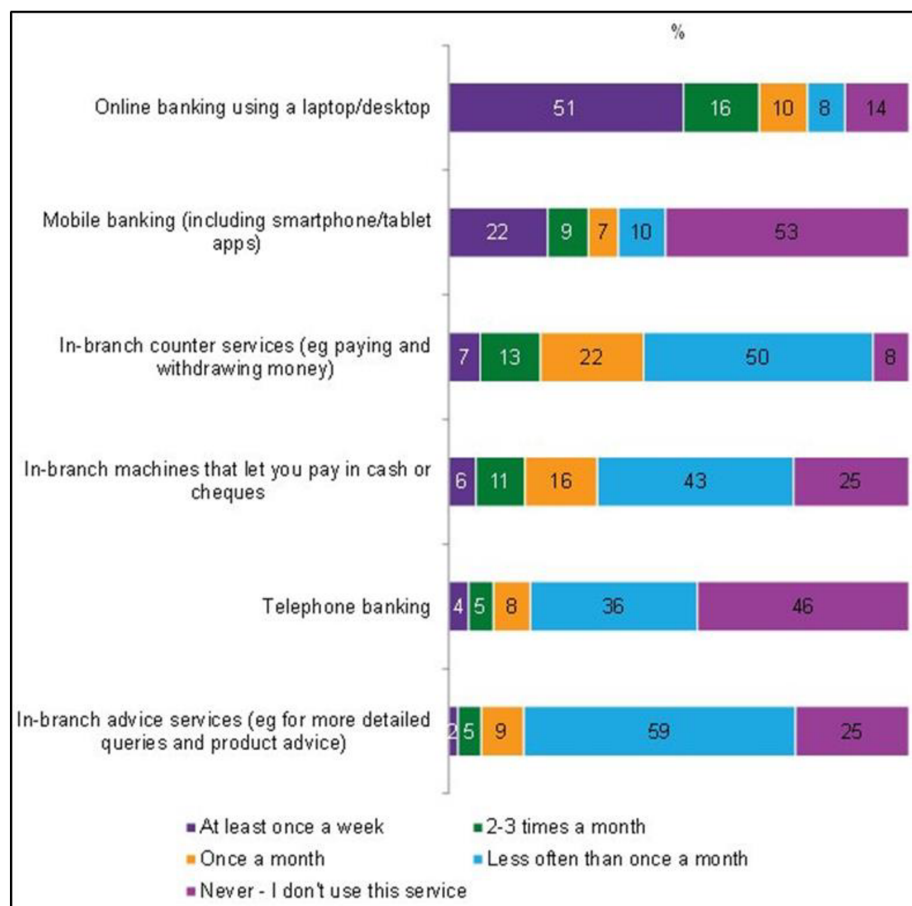
### **3 Characteristics of British and Czech banking sector**

This dissertation is focused on consumer behaviour, more specifically on the decision making of consumers in the financial sector. The research itself will be based on the comparison of the Czech and British commercial banks and their current bank accounts that they offer to customers. Indeed, the current bank account is the basic type of product that commercial bank offers. In fact, it is a main function of bank to “collect funds (deposits) from units in surplus and lend funds (loans) to units in deficit” (Casu, Girardone & Molyneux, 2006). In general, bank use the money from the current accounts of their customers to create loans for the same or other customers and by adding interest rates as well as charging for providing services banks generate more profit. Additionally, current accounts are spread widely and they have become a normal part of consumer life, due to the deregulation it is easy for consumer to have one or more accounts at the same time from the same or different banks (Kolakkides, 2015).

With the technological advancement consumers can easily access their financing and have their accounts under control (Ennew & Waite, 2007). In most cases, with the current bank account consumer gets a debit card including other services (mostly without fees) such as phone banking, internet banking, or mobile banking. By using the services banks provide, consumers can easily pay by their debit cards or even with their mobile phones, therefore, there is no need to carry money in the pockets as most of stores, hotels, or restaurant accept this type of payments. To conclude, Ennew and Waite (2007) claim that banks try to offer their clients other products throughout the relationship marketing due to the fact that the current accounts are not as profitable for banks as the other products they provide.

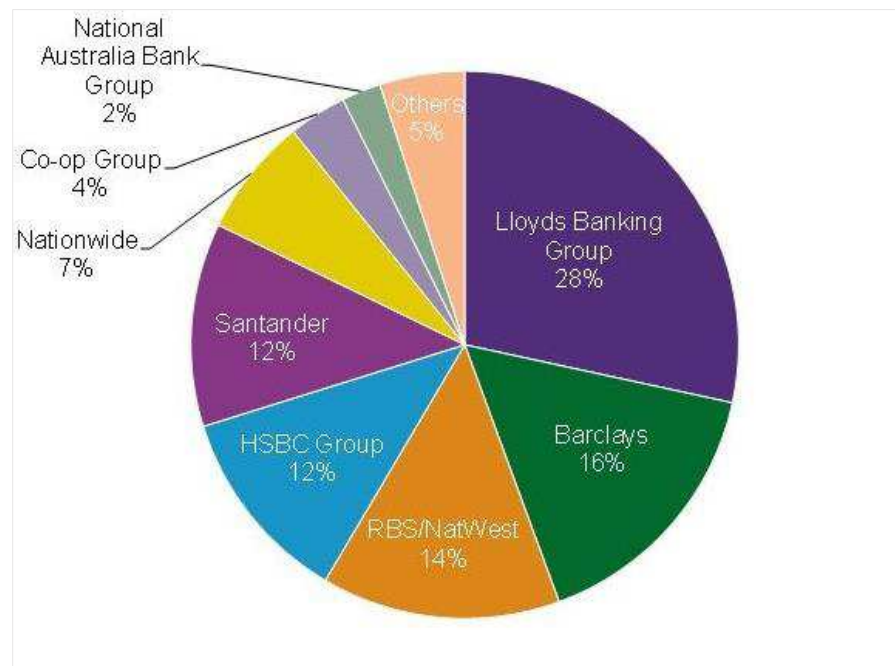
### 3.1 UK banking sector

Initially, Meidan, Lewis and Moutinho (2004, 1997) state that since 1970s, the UK financial sector has gone through many deregulations which helped the development of banks. From that time, the British financial market has grown to 112 banks by 2014. In research conducted by Mintel was found that there are almost 52 million current account holders with 74.4 million of current accounts. Also, in 2013 was introduced the Current Account Switch Service (CASS) and since then over 1.75 million switches has been made (Payments Council, 2015). Apart from this, many digital banks are planning to enter the current bank account market, and as consequence, this will challenge traditional high street banks which may have troubles with innovations. Furthermore, data from Lightspeed GMI and Mintel show frequency of use of banking services (Figure 3.1). In Figure 3.2, can be seen that the biggest bank in the UK have the most clients, followed by smaller banks (Kolakkides, 2015).



**Figure 3.1., Frequency of use of the following banking services, May 2015“**  
 (Source: Lightspeed GMI/Mintel)  
 Base: 1,948 internet users aged 16+ with a current account

The market research done by Mintel shows in which bank people have their current account. In Figure 3.2, can be seen that the biggest bank in the UK have the most clients, followed by smaller banks.



**Figure 3.2 Current Bank Accounts in the UK**

(Source: Lightspeed GMI/Mintel)

Base: 1,948 internet users aged 16+ with a current account

In 2015, the total assets of UK commercial banking sector were \$10,729.5 billion (BMI, Central banks, Regulators, 2015)

### 3.1.1 Key players

The following list of banks is based on the total assets they possess:

<b>HSBC Holdings</b>	HSBC, originally founded in 1860s, is considered to be one of the largest banking and financial services firms in the world (Airidion, 2015). It has its headquarters in London and international network of more than 6,000 offices in 72 countries. To sum up, with £750 billion in total assets HSBC has strong power in the UK banking sector (HSBC, 2015).
<b>Barclays PLC</b>	Barclays has a long tradition in the UK as it has been established more than 300 years ago and to this date it has more than £1,200 billion in total assets (Barclays, 2015). However, Airidion (2015), Christie (2014) point out that

	among customers it is considered as the worst UK bank due to the many complaints it is receiving, also, in the market research it mostly get low score. Yet, Barclays is trying to develop its digital services for example smartwatch payment (Kolakkides, 2015).
<b>Royal Bank of Scotland Group</b>	Royal Bank is the most traditional commercial bank in Scotland and has around 24 million customers in the UK. RBS was the first Scottish bank that installed the Automated Teller Machine (ATM) in 1967. It also became the first bank that allowed its customers to open the current accounts entirely online (Airiodion, 2015). Almost £900 billion in total assets by the end of 2015 makes it very strong competitor among other banks (RBS, 2015).
<b>Lloyds Banking Group</b>	Royal Bank is the most traditional commercial bank in Scotland and has around 24 million customers in the UK. RBS was the first Scottish bank that installed the Automated Teller Machine (ATM) in 1967. It also became the first bank that allowed its customers to open the current accounts entirely online (Airiodion, 2015). Almost £900 billion in total assets by the end of 2015 makes it very strong competitor among other banks (RBS, 2015)

**Table 3.1 Key players of British banking sector**

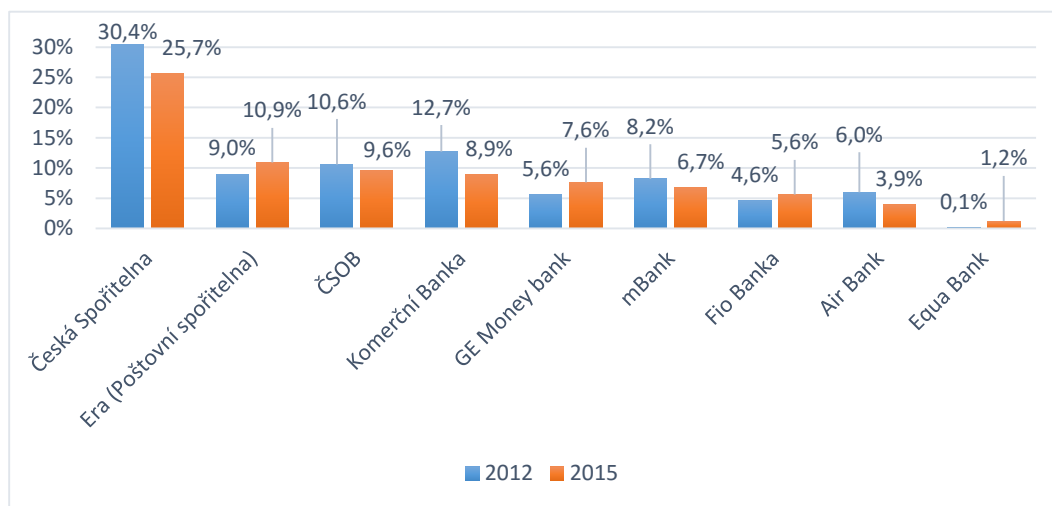
### **3.2 Czech banking sector**

The similar situation with deregulation happened in the Czech Republic. Before 1989, the financial market was under the control of the communist party. After 1990, there has been a rise of new commercial banks and many other financial institutions. In 2014, there was approximately 45 banks in the Czech market from which 37 are banks and branches of foreign banks (CSO, 2015).

In the recent two years, there has been a rise of small banks (often called low-cost banks) that have more simple products and contracts, furthermore, they mostly offer current accounts without any fees and charges, and finally, they are more innovative in using FinTech (financial technologies) (Tůma, 2015). As a result, the small banks have more young clients, whereas, the traditional banks keep the more conservative clients. In 2015, the total assets of Czech commercial banking sector were

\$265.8 billion which is almost 5 times less than the UK sector (BMI, Central Banks, Regulators, 2015).

In Figure 1.4 are data from the marketing research made by SANEP. This data shows comparison of current bank accounts in 2012 and 2015. Generally, there is trend of switching the traditional bank for the small as it can be seen in Figure 4.3 (Note as the data were obtained from internet survey it does not fully show the growing potential of small banks).



**Figure 3.3 Current Bank Accounts in the Czech Republic in 2012 and 2015**  
(Source: SANEP)  
(Base: 3817 internet users who have current bank account)

### 3.2.1 Key Players

The following list of banks is based on the asset size and number of customers

<b>Česká spořitelna</b>	“Česká spořitelna was founded in 1825 as a Czech-owned savings bank and it continued operations throughout the communist era and in 2000, it became a 98% owned subsidiary of Austria’s Erste Bank” (BMI, 2015, p.32). Česká spořitelna is the one with the biggest amount of clients, approximately there are about 5 million clients (Hovorka, 2015). Also, it was awarded Bank of the Year price in 2013 and 2015 (Sovová, 2015). Total assets are almost \$50 billion (Česká spořitelna, Bloomberg cited by BMI, 2015)
<b>Komerční Banka</b>	“Komerční banka is one of the leading institutions in the Czech Republic and Central and Eastern Europe as a part of Société Générale”, which is



	French multinational banking and financing company (BMI, 2015, p. 45). It has 1.6 million of clients (Hovorka, 2015). Total assets in 2014 were over \$40 billion (Komerční Banka, Bloomberg cited by BMI, 2015)
<b>ČSOB</b>	“Československá Obchodní Banka (ČSOB) was established by the state in 1964. In 1966, KBC Bank, part of Belgium’s KBC Group, became the majority owner” (BMI, 2015, p. 39). To this date it has almost 3 million of clients (Hovorka, 2015). In 2014, it was named Best Bank of the Year (Kohoutová, 2014). Total assets in 2014 were \$37.8 billion (ČSOB, Bloomberg cited by BMI, 2015).
<b>GE Money Bank</b>	“GE Money Bank is a part of GE Capital, the global finance unit of General Electric and it is universal bank that operates throughout three businesses” (BMI, 2015, p. 43). It is the largest bank based on number of branches, ATMs, and employees. Also, it was first bank in the Czech Republic which equipped the whole ATM network with chip technology. In 2014, it had 1 million of clients (Hovorka, 2015). Data about total assets are not available.

**Table 3.2 Key players of Czech banking sector**

### **3.3 Comparison of both banking sectors**

In order to better understand both British and Czech banking sector it is good to compare both markets in terms of regulation, technology, and economics. Because both countries are official members of European Union, both markets are subject to regulation and policies of European Central Bank (ECB) and other EU bodies. For example, the commercial banking sector within EU is controlled by ECB based on the liquidity of commercial banks as they have to be able repay the deposits of their clients if necessary. This is called Stress Test of National Banks and it was introduced by EU following the financial crisis. As a fact, this test is undertaken periodically by European Banking Authority, which closely cooperate with ECB, and it should prevent another financial shocks in the near future as a part of strengthening banking regulation within EU. Furthermore, ECB determines the interest rates for commercial banks which reflect

the rates of each bank in the services they provide such as loans, mortgages, or insurance (Meidan, Lewis & Moutinho, 2004).

### ***Regulation***

As mentioned previously, both markets are regulated by EU and ECB, however, each country has its own central bank (Bank of England in the UK and Czech Central Bank in the Czech Republic) which can use additional regulations and policies.

Due to the fact that banks are seen as regular businesses in the UK, they are also subject to regulation by The Office of Fair Trading along with The Competition Commission. Furthermore, another organisations participate in regulating the banking market. These are: the mentioned Bank of England, the Treasury, the Prudential Regulation Authority (part of Bank of England), the Financial Conduct Authority, and the Financial Policy Committee. All these organisations cooperate to create stable and effective financial market, moreover, to reduce risk of financial crisis by controlling the assets banks own, regulating liquidity, or collected information about financial institutions to make banking system more transparent (Meidan, Lewis & Moutinho, 2004)

Different situation is in the Czech Republic as the only institution controlling the commercial banking sector is the Czech Central Bank. The Czech Central Bank has a dominant position as it supervise the effectiveness, safe-being, and reliability of the banking sector. In other words, by using different model all operations, which in the UK are divided among the various organisations, are done by on institution. However, in the recent years the Committee for Financial Market was established in order to help Czech Central Bank with the future strategies.

### ***Technology***

The technologies that are used by the commercial banks are very similar for both countries. The traditional are trying to catch up on FinTech as many see it as the future of banking. For instance, the low-cost banks in the Czech Republic and newly introduced digital banks in the UK are focused particularly on modern technologies to provide customers the easiest way of using products and services they provide.

These new technologies are, for example, contactless credit/debit card, paying by mobile devices (smart wallets such as *Apple Pay* and *Samsung Pay*) or wearable technology. Also, the banks use services such as internet banking which has become very popular among clients because it reduces the time otherwise spent on the branch, moreover, it is more convenient and comfortable for people as they have all necessary information easily accessible. Additionally, many banks provide mobile apps as another part of their service which can again be used as a more convenient way of controlling the accounts (Hovorka, 2015. Kolakkides, 2015).

### ***Economics***

The biggest difference can be found when comparing the commercial banking reports of the two countries. Indeed, as the Czech Republic is smaller market place (based on the demographics and overall economic situation) than the UK, it is certain that all economic data will be bigger in the UK. Firstly, the total assets of the commercial banking sector (in 2016) are expected to be \$10,605.7 billion in the UK and \$233.2 billion in the Czech Republic. Secondly, the client loans (in 2015) were \$7,888.2 billion in the UK and \$110.9 billion in the Czech Republic. Thirdly, the total client deposits (in 2015) were \$8,875.8 billion in the UK and \$140.3 billion in the Czech Republic. Again, similar situation is when compared the numbers per capita, for example, deposits per capita is \$118,543.1 in the UK and \$14,025.8 in the Czech Republic (BMI, 2015).

All these mentioned numbers prove the fact that the UK has stronger economy as people are able to earn more money, therefore, they have higher deposits and can take bigger loans. In the Czech Republic, there are around 16.7 million of bank accounts which makes 1.6 account per capita. In the UK, the estimated number of bank accounts is 74.4 million this gives almost 1.2 account per capita (Hovorka, 2015. Kolakkides, 2015).

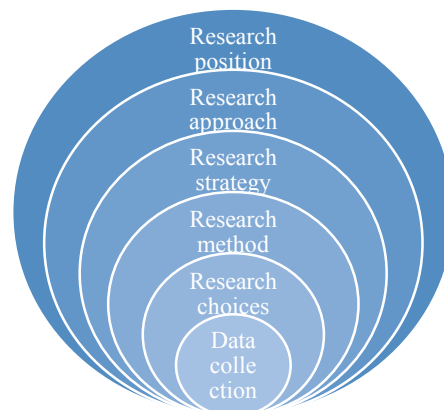
## 4 Research Methodology

### 4.1 Introduction

This chapter of the paper is dedicated to describing each step that is necessary for the data collection as well as the data analysis of this research. Nevertheless, data collection is the centre of the research “onion” and it is important to mention other issues that researchers have by conducting different types of research (Saunders, Lewis & Thornhill, 2012). Thus, each layer of the “onion” with the features are going to be discussed in better detail (see Figure 4.1).

To begin with, in section 4.2 position of researcher to the conducted research will be explained, more precisely, options that are available to researcher and the main differences between *Positivism and Interpretivism*. Furthermore, section 4.3 is focused on the main approach of the researcher towards this research. This includes a couple of theories (*Deductive and Inductive theory*) and researcher standpoint. Additionally, section 4.4 discusses the possible strategies that can be undertaken for example case study, survey, and many others. Moreover, sections 4.5 and 4.6 mention different methods of conducting research and the data choices of researcher. In particular, which type of data is needed for the analysis (*Qualitative and Quantitative*) and how the data will be obtained (for instance, by using interviews, questionnaires, or other method)

Apart from this, sections 4.7, 4.8 and 4.9 give look to the population used in this study and the sampling of the population. In other words, which segment of population was selected and how is represented in the study by using the collected data. In addition, in section 4.10 is described the design of questionnaire in more detail. Specifically, which type of questions were used and how the questions were asked to respondents.



**Figure 4.1 “Research Onion”**  
(Based on Saunders, Lewis & Thornhill, 2012, p.128)

Research objectives of this dissertation are:

- To identify which influences affect consumer behaviour when choosing bank for Generation Y,
- To determine which marketing stimuli are important for consumers when they want to obtain a bank account,
- To assess the impact of place of birth and the culture surroundings on the decision making process of Generation Y,
- To evaluate levels of satisfaction among consumers with their banks and the services that the banks offer.

## **4.2 Research Position**

The research position is described by the discipline called epistemology. Specifically, it explains the theory of knowledge by using questions such as why, how, and what is known. Moreover, it justifies researcher's approach towards the evidence and data (Audi, 2010). Two different views were considered: Positivism and Interpretivism.

Firstly, positivism sees all evidence as facts and can be confirmed by knowledge. This evidence is based on collected data which are verifiable, and therefore, the hypothesis is strongly supported by the data (Bryman & Bell, 2015).

Secondly, interpretivism is the opposite of positivism. As a fact, it must respect the difference between objects and people. This type of study "requires a different logic of research that reflects the distinctiveness of humans as against the natural order" (Bryman & Bell, 2015, p. 28).

Positivism has been selected as the main research position due to the facts that this study is about consumer behaviour which has been already thoroughly explored in the past and therefore the data can be supported with the theory. To be specific, decision making process is observable and can be described by using the right literature. Also, the research will contain data from large data collection which later will be taken under statistical analysis. This analysis may confirm or reject hypothesis mentioned early in this paper. Lastly, minimal interaction with research participants (respondents) is taken into account due to the independent position of the researcher (Dudovskiy, 2014, Bryman & Bell, 2015).

### **4.3 Research Approach**

To begin with, deductive theory (also known as deductive reasoning or deduction) assumes that the research is based on already known theory (Ghauri & Grønhaug, 2010, Sekaran & Bougie, 2010, Bryman & Bell, 2015). In other words, Ghauri and Grønhaug (2010, p. 15) explain that the conclusion of the research is “drawn through logical reasoning”, and furthermore, “the research hypothesis is deducted from the existing knowledge and can be tested.”

Subsequently, inductive theory (known as inductive reasoning or induction) is conducted in the opposite way than deductive theory, thus, new theory is build up on the research findings (Ghauri & Grønhaug, 2010, Sekaran & Bougie, 2010, Bryman & Bell, 2015). In another way, Sekaran and Bougie (2010, p. 28) state that “it is a process where the specific phenomena is observed and on this basis arrive at general conclusions.”

Deductive theory will be used as a result of already known theory of consumer behaviour which is the main basis of this study and is described in the theoretical issues of this study. Furthermore, Dudovski (2014) states that in general deductive approach is associated with positivism. As stated above, positivism is the main research position of this paper, thus, deductive theory was a logical choice. What is more, the viewpoint of the researcher is based on the facts about knowledge of consumer behaviour. Finally, the hypothesis, which will be analysed in the next section, were logically deducted from already known theory (Ghauri & Grønhaug, 2010).

### **4.4 Research Strategy**

Different types of strategies can be considered for this type of research. Initially, Quinlan (2011), Ghauri and Grønhaug (2010) refer to survey as a quantitative method of data collection which mostly contains using of questionnaires or interview techniques, thus, collecting large amount of primary data that need to be later analysed and described. However, Bryman and Bell (2015, p. 61) argue that because “survey is so closely connected in most people’s mind with questionnaires and structured interviewing that the more generic-sounding term cross sectional design is preferable.” What is more, after considering the aim of current research it is important to decide whether the research will be analytical (to better understand relationships between

variables) or descriptive (to better describe problem/phenomena) (Ghauri & Grønhaug, 2010).

As a result, this study might be characterized as an analytical survey or cross sectional design since it is based on primary data obtained by questionnaires, it can also be described as comparative design. After all, comparative design “entails the study using more or less identical methods on two or more contrasting cases” (Bryman & Bell, 2015, p. 72). Furthermore, they state that data collection is based on cross sectional design which is situated in two or more different countries. In conclusion, as this research is based on comparison of two different countries (Czech Republic and United Kingdom), particularly, the comparison of behaviour and decision making of Czech/British current account holders, then this research can be identified as comparative design type.

#### **4.5 Research Method**

As stated previously, this research is based on collecting primary data throughout questionnaires. “A questionnaire is preformulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives” (Sekaran & Bougie, 2010, p. 197). As a rule, Ghauri and Grønhaug (2010), Sekaran and Bougie (2010), Quinlan (2011) agree that self-completed questionnaires are very common for this type of research as they point some of the advantages it brings as obtaining more respondents and therefore more data for the research itself. Also, it offers fast and not expensive way to collect needed data. However, some disadvantages may appear as well such as uncompleted questionnaires or limited response rate.

Other methods such as interviews or focus groups were also considered. Although, they offer several advantages (for example face-to-face interactions, more accurate answers, or detailed and broader information) due to the limited time for this study and the effort to obtain as many respondents as possible, these two methods were rejected (Ghauri & Grønhaug, 2010, Sekaran & Bougie, 2010).

Online questionnaires, which are self-completed questionnaires (completed by respondents only) and web-based, have been chosen as an appropriate method of collecting data (Saunders, Lewis & Thornhill, 2012). In fact, online questionnaires are questionnaires created, distributed, and administered online by using website that can

offer this type of service for free (Quinlan, 2011). For this research *Forms by Google* (for the British side) and website *Vyplnto.cz* (for the Czech side) were used to collect all necessary data. This effort accumulated the total of 227 respondents from both countries. To be more precise, 120 respondents were obtained by using Czech questionnaires and 107 from English ones. Subsequently, the data were processed and analysed by using IBM SPSS Statistics (See section 5 Data Analysis).

#### **4.6 Research Choices**

Two types of data are available (qualitative and quantitative), however, for this research only quantitative data will be used. Qualitative data have more emphasis on understanding and often are obtained throughout interviews or observations. On the other hand, quantitative data have better emphasis on analysing, testing, and verifying all hypothesis that were proposed (Ghauri & Grønhaug, 2010). As this study is based on several hypothesis which need to be analysed and data are collected throughout the questionnaires, therefore, quantitative data are preferable.

What is more, by using questionnaires primary data will be obtained. The primary data are collected due to the relevance to this research so all questions (mentioned in the purpose of the study) can be answered (Ghauri & Grønhaug, 2010). Naturally, there are advantages (such as consistence with research and questions) and disadvantages (for instance quality and scope of information or efficiency in data collection). Lastly, Ghauri and Grønhaug (2010) write about different types of primary data. For this research data on motivations (what can influence consumer behaviour) and data on behaviour (what respondents have done) are crucial.

#### **4.7 Population**

Generation Y has been chosen to be examined in this paper. For bank marketers it is crucial fact to know how people make their decision when choosing bank. Also they should be aware of all different factors that might influence each step in the decision making process. What is more, Generation Y may play important role for some banks as it mostly consist of university students which are expected to have higher income (Card, 1999). In addition, Generation Y is familiar with modern technologies and therefore it will be easier to collect data from them due to the fact that the data will be obtained from online questionnaires.



## **4.8 Sampling**

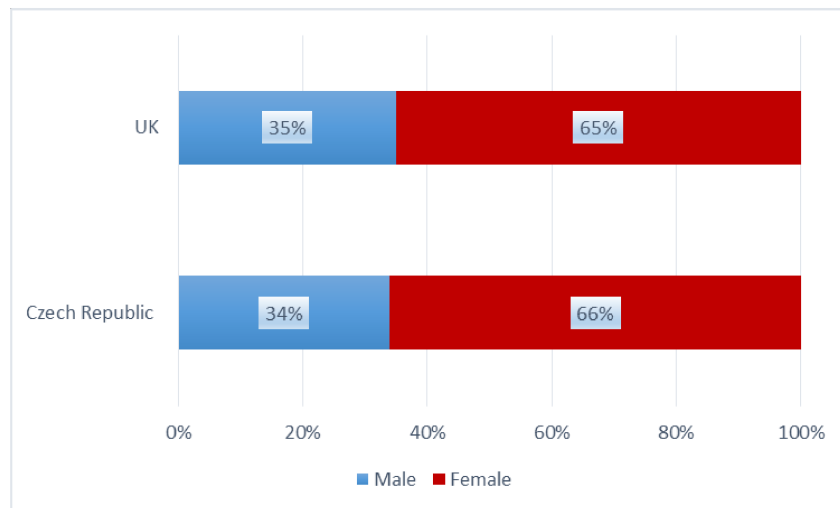
There are two main approaches sampling can be done: Probability sample and Non-probability. Each has several subcategories of sampling which differ in selecting process of population (Ghauri & Grønhaug, 2010). Also, probability sample is method of selecting population where everyone has chance to be included in the final sample, and therefore, it makes from it representative sample (Ghauri & Grønhaug, 2010, Bryman & Bell, 2015).

For the purpose of this research non-probability sample design has been chosen. Non-probability sample is easy to use as it is inexpensive and quick way to collect necessary data (Sekaran & Bougie, 2010, Quinlan, 2011). However, data that are obtained through non-probability sampling cannot be generalize and cannot be used as a representative sample (Ghauri & Grønhaug, 2010, Sekaran & Bougie, 2010, Bryman & Bell, 2015). In general, there are several types of non-probability sampling such as convenience sampling, quota sampling, judgemental sampling, or snowball sampling (Quinlan, 2011).

Quota sampling has been selected as the most suitable type for this study. In quota sampling, researcher have to “make sure that certain subgroups of units are represented in the sample in approximately the same proportions as they are represented in the population” (Ghauri & Grønhaug, 2010, p. 140). As this research is focused only on Generation Y, it means there must be right representations of gender. Quota sampling has the same advantages and disadvantages mentioned above for the non-probability sample.

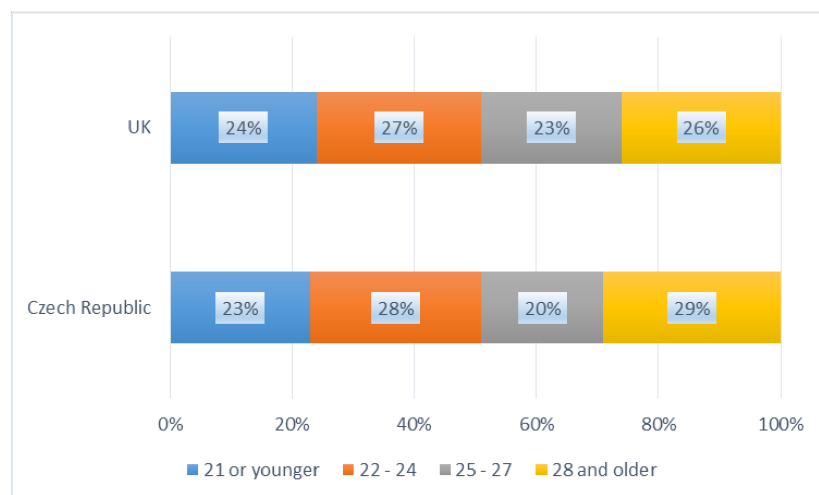
## **4.9 Sample structure**

By conducting and distributing the questionnaires, data from 227 of respondents was obtained. To be more precise, 120 respondents answered the Czech version of questionnaires, from which 41 were males and 79 females. Additionally, the English version obtained data from 107 respondents were 37 was male and 70 female gender. In both cases, female gender was more likely to provide the answers to the questionnaires (see Figure 4.1).



**Figure 4.2 Gender comparison in both countries**

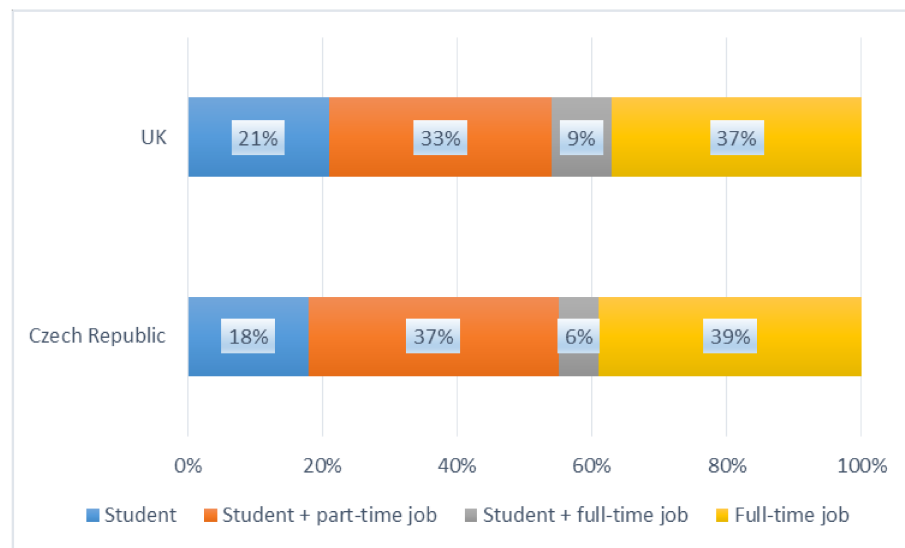
In Figure 4.2 can be seen age structure of the respondents. The age groups were divided by two years each so the analysis can be easily applied and as a result answers can be provided. Also, the age distribution may help to find differences or similarities in decision making of generation Y. The most answers were obtained from groups 19-21 and 22-24 years in both questionnaires, this shows that mostly students and graduates answered the questions as the survey was conducted at Czech and British universities (Note to more accurate results from the analysis the oldest and youngest age groups were combined).



**Figure 4.3 Age group comparison in both countries**

Apart from this, respondents were asked about their social status. In other words, if they are students with or without job or if they are employed full-time. The results can be seen in Figure 4.3. Due to the age of respondents and overall age of generation Y,

generally, the most of respondents have full-time job. Another big group consists of students with part-time jobs.



**Figure 4.4 Status comparison in both countries**

#### **4.10 Design of questionnaire**

Two types of questions (open and closed questions) were considered for this research and only one was selected and used for the questionnaires. In addition, two questionnaires were distributed: one for the British side (written in English) and one for the Czech side (written in Czech). Both questionnaires have the same questions as well as they are asked in the same order and answers, however, the only difference is in the list of banks.

Open questions mostly figure in interviews where respondents can show their opinions. Also, if question is asked in the right way then the answer is not forced, suggest and can bring new view that the research did not think of. Nonetheless, when this type of questions is used in self-completed questionnaires then it brings some disadvantages such as administration of the answers, furthermore, all the answers must be coded if the researcher wants to analyse them, and also, the respondents must put greater effort to answer these questions (Sekaran & Bougie, 2010, Bryman & Bell, 2015).

Closed questions are often used for questionnaires as they are easier to use, answer and analyse for both researcher and respondent. To be more precise, processing answers from respondents are easier as the coding is not needed (code can be derived

easily from answer). What is more, these questions allow researcher to compare the variables as well as their relationships, moreover, they reducing variability of answers. Also, closed question can help respondent with the answers as the answers may clarify the question asked. However, this type of questions forces respondents to answer in one way and that might be sometimes difficult, also, there is possibility that respondents may have interesting answer that researcher did not think of (Sekaran & Bougie, 2010, Bryman & Bell, 2015). Although, closed questions have the mentioned disadvantage, they were selected for questionnaires as they are more appropriate to this type of research.

Consequently, following types of questions were used: list questions, category questions, and rating questions. Firstly, list questions (*2, 3, 4, 7, 9, and 10*) give respondents choice to choose from list of answers, these can be also referred as single- or multiple-answer question. These questions are often use so respondents can consider all the possible options they have (Saunders, Lewis & Thornhill, 2012). Secondly, category questions (*1, 5, and 8*) sort respondents to different categories which are based on their behaviour or attitude towards questions. Mostly, these questions are only single-answer (Saunders, Lewis & Thornhill, 2012, Bryman & Bell, 2015). Lastly, rating questions, to be more specific, one of the variation called the Likert-style rating (*6 and 11*) asks respondents to choose how strongly they agree or disagree with statements. In the most cases, researches use five- or seven-point rating scale for this type of questions (Quinlan, 2011, Saunders, Lewis & Thornhill, 2012).

The last questions (*12, 13, and 14*) are questions about demographics and personal data which will help to sort respondents to groups and then examine hypothesis and analysis data based on these groups (Sekaran & Bougie, 2010, Quinlan, 2011). What is more, these questions are linked to the section 2.3.2 *The consumer's culture* described in the theoretical issues of this paper. Other linkage can be seen in Table 4.1.

The full form of both questionnaires can be found in **Appendix A** and **B**.

<b>Question No.</b>	<b>Linkage to particular sections</b>
<b>1</b>	<i>2.8.1 Pre-purchase stage, 2.8.2 Needs or problem recognition</i>
<b>2</b>	<i>1.2 UK banking sector, 1.3 Czech banking sector</i>
<b>3</b>	<i>2.3.2 The consumer's culture, 2.8.3 Information Search</i>
<b>4</b>	<i>2.8.7 Postpurchase stage, 2.8.8 Postpurchase evaluation, 2.3.1 Firm's marketing efforts</i>
<b>5</b>	<i>2.8.7 Postpurchase stage, 2.8.8 Postpurchase evaluation, 2.3.1 Firm's marketing efforts</i>
<b>6</b>	<i>2.8.7 Postpurchase stage, 2.8.8 Postpurchase evaluation</i>
<b>7</b>	<i>2.8.4 Evaluation of Alternatives, 2.8.6 Product choice and purchase</i>
<b>8</b>	<i>2.8.7 Postpurchase stage, 2.8.8 Postpurchase evaluation</i>
<b>9</b>	<i>2.8.5 Consumption stage, 2.8.7 Postpurchase stage, 2.8.8 Postpurchase evaluation</i>
<b>10</b>	<i>2.8.5 Consumption stage, 2.8.7 Postpurchase stage, 2.8.8 Postpurchase evaluation</i>
<b>11</b>	<i>2.3.1 Firm's marketing efforts, 2.4.1 Psychological core (processes)</i>
<b>12</b>	<i>2.3.2 The consumer's culture</i>
<b>13</b>	<i>2.3.2 The consumer's culture</i>
<b>14</b>	<i>2.3.2 The consumer's culture</i>

**Table 4.1 Linkage of questions to particular sections of the paper**

## **5 Data Analysis**

### **5.1 Introduction**

In this section all data that was gathered through questionnaires will be analysed thoroughly. The aim of this analysis is to examine existing theory with the results of the analysed data, moreover, look at the goals specified at the beginning of this study. In particular, this analysis will look into the differences or similarities of two countries and their consumer behaviour at the bank market.

Initially, in section 5.2 gives the overview of banks and their current accounts used by respondents which is also compared to surveys made by other researchers.

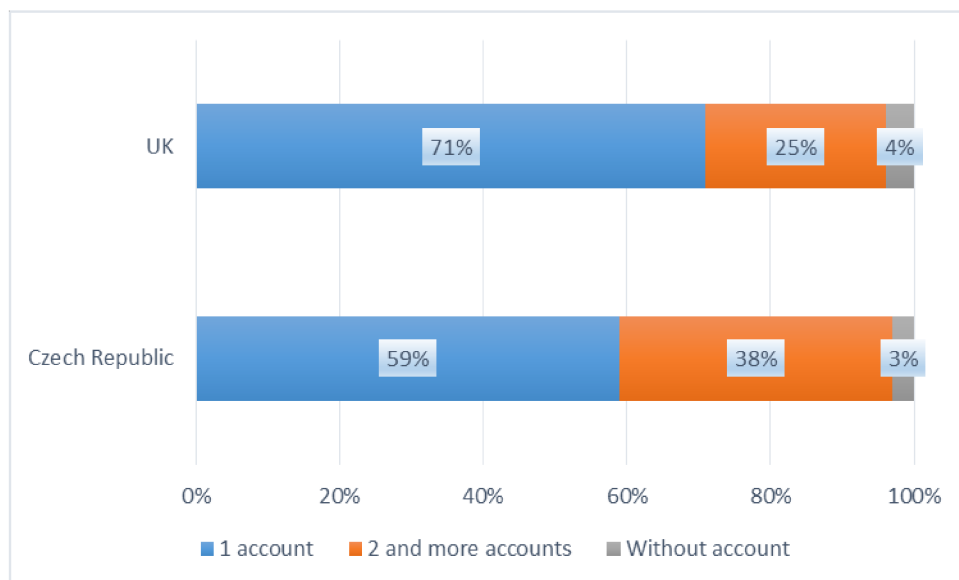
Chapter 5.3 brings results of first hypothesis as the influential factors acting during bank selection process are examined. Again, the results are compared to other studies. In section 5.4 the analysis of selection criteria can be found. Subsequently, preferred and used form of communication with bank is discussed in section 5.5.

Then chapter 5.6 offers results of two hypothesis as it examines the post-purchase behaviour of consumers. In particular, the overall satisfaction and possibility of changing bank is described. The analysis about using and having interest in other products provided by bank is in chapter 5.7. Finally, section 5.8 concludes the whole data analysis by giving the overall characteristics of consumers and their bank selecting process.

### **5.2 Banks and current bank accounts**

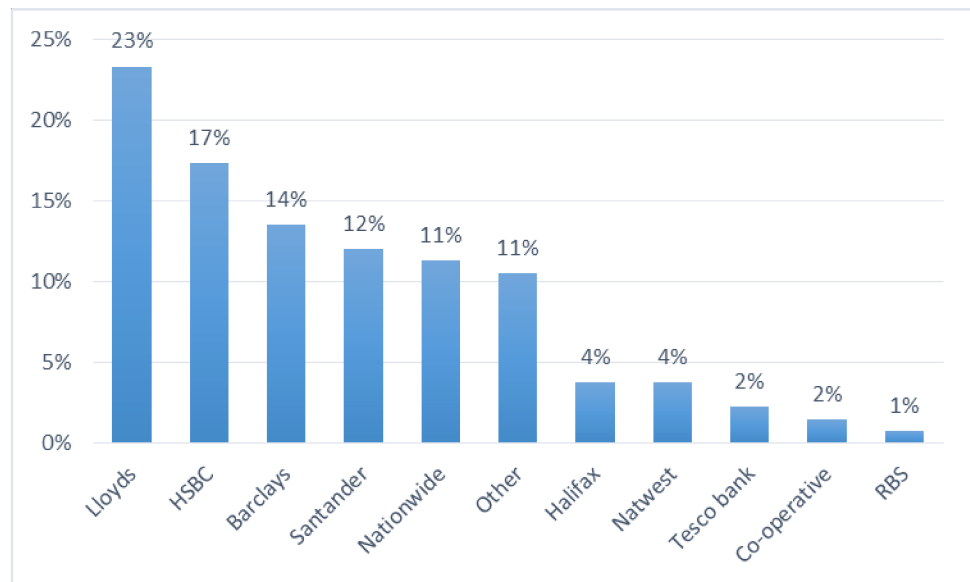
The consumers can choose from many current account providers, they can have more than one account as the number of accounts is not limited. In most cases however, respondents of this research have only one current bank account. The results showed that 59% of respondents are single account holders in the Czech Republic and 71% of respondents own one account in the United Kingdom. Similarly, research conducted by Kolakkides (2015) found that more people have only one bank than two or more. Apart from this, 3% of Czech and 4% of British respondents claimed that do not own current bank account at all. Nonetheless, the main difference can be seen in the answers two or more accounts. Here, more respondents from the Czech Republic stated that own two or more current bank accounts (see Figure 5.1). This difference may be caused by newly

opened small banks at the Czech banking market. According to Hovorka (2015) with the new “low-cost” banks people tend to have their main current bank account at the traditional bank and use this extra account for its offered advantages. Additionally, the results from this research were analysed and no statistical significance for number of accounts and residential country was found.



**Figure 5.1 Bank account ownership comparison in both countries**

*Lloyds Banking Group* is the most popular bank in the United Kingdom as it was found from the conducted research. *HSBC* has reached the second spot and to *Barclays* belongs third position (see Figure 5.2). All three banks were identified as the top players in the UK (see Chapter 3). Right behind the three top banks is other big bank, *Santander*. These results are similar to the research made by Kolakkides and Mintel reports (2015). Their results also showed that most current bank accounts are opened at *Lloyds*. Second position is hold by *Barclays*. Third and fourth are *HSBC* and *Santander*. After all, Kolakkides (2015) observes that the top 3 banks fight for each customer as they try to offer better services such as low fees for accounts or the use of modern technologies (mobile apps, contactless debit/credit card). This was fight for customers was caused also due to the new opportunity to switch bank accounts between banks which was not possible before the introduction of CASS in September 2013.



**Figure 5.2 Selected banks in the UK**

Furthermore, *Česká spořitelna* was identified from the questionnaires as the most popular bank in the Czech Republic which is also among the top players in Chapter 3. This result goes along with the result from SANEP which conducted research about current bank account holdings. The same bank (*Česká spořitelna*) was identified as the most popular. Likewise, *Komerční banka* (other top player bank) was the third most selected in this research and this again is similar result to SANEP where the bank was on second position. On the contrary, the second and fourth most selected banks were two small “low-cost” banks *Air bank* and *Fio banka*. Equally, this only confirms the raising popularity of small banks in the Czech Republic stated by Hovorka (2015). Indeed, he states that these banks are widely popular among students as they offer current bank accounts along with other services without any costs. All other results can be found in Figure 5.3.



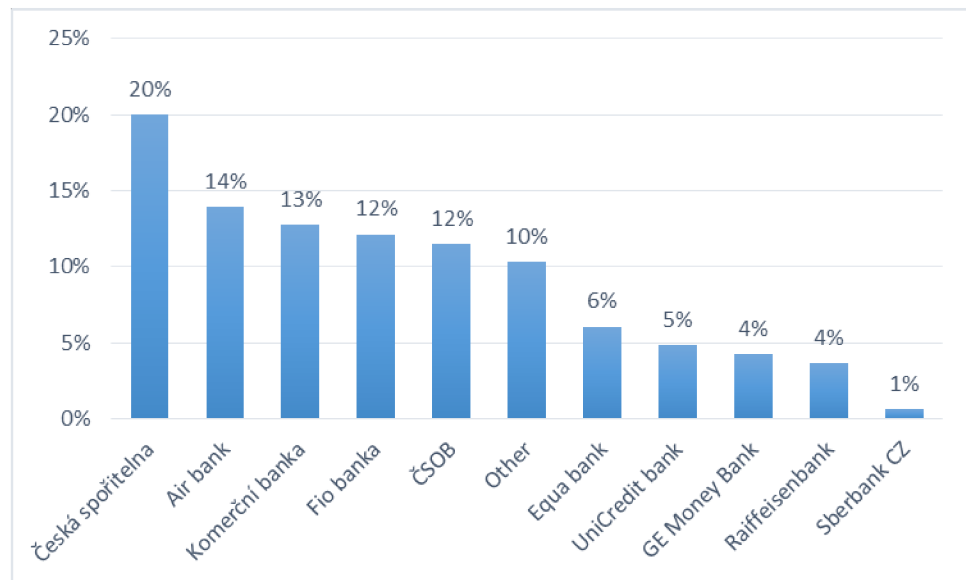


Figure 5.3 Selected banks in the Czech Republic

### 5.3 Sources of information

In this chapter the sources of information, which are important for consumers during the information search phase of decision making, will be examined and analysed. Respondents were asked to select 1-3 factors from provided list.

#### H<sub>01</sub>: Sources of information are not dependent on the residential country

Firstly, the hypothesis needs to be tested by using one way between groups ANOVA test to confirm or disprove it. By using this analysis statistically significant difference may be find. This difference (see Table 5.1) was found only for one factor, *Reference in the Internet* ( $p = 0.022$ ) (Note for answer to be statistically significant different *Sig*, labelled as  $p$  (probability), has to be lower than 0.05).

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Reference in the Internet	51,309	1	51,309	5,298	,022
	2178,947	225	9,684		
	2230,256	226			

Table 5.1 ANOVA test for Reference in the Internet in different countries

With this result, it can be stated that there is only one difference of using the sources of information in the two countries. Therefore, the factor *Reference in the*

*Internet* depends on the residential country. For all other factors the country does not play important role when finding sources of information.

In addition to previous analysis, statistically significant difference was found for gender. Particularly, two sources of information *Family recommendations* ( $p = 0.037$ ) and *References in the Internet* ( $p = 0.047$ ) had different proportion of answers. In both cases, females chose these answers more often than males. The similar results were found in research conducted by McGivney (2015). He found that females tend to use more word-of-mouth recommendations (from family or friends) and opinions of other consumers (in the Internet) than males.

Another analysis found statistically significant difference between age groups and *Family recommendations* ( $p = 0.000$ ). Moreover, it was tested for correlation by using Kendall's Tau-b and the result was negative correlation of  $T_B = -0.329$ . Indeed, this result shows that with increasing age people tend to use less recommendations of their peers as the own experience of consumers increases with age, therefore, they are able to make decision without relying on opinion of others.

By further analysis of this question, it was found that the most important factor for information search is family followed by recommendations of friends (see Figure 5.4). This finding is similar to research conducted by Friedman and Smith (1993). In their research they point out that consumers often rely on personal sources rather than using non-personal sources. In like manner, Ennew and Waite (2007), Bateson and Hoffman (2011) Palmer (2014) agree that for information search phase is word of mouth the one factor that can affect decision for selecting service the most. Apart from this, no respondent selected factor *Newspaper advertisement* as a source of information. Therefore it may be claimed that this factor has no influential value at all in comparison with two other advertisements (TV and Internet).

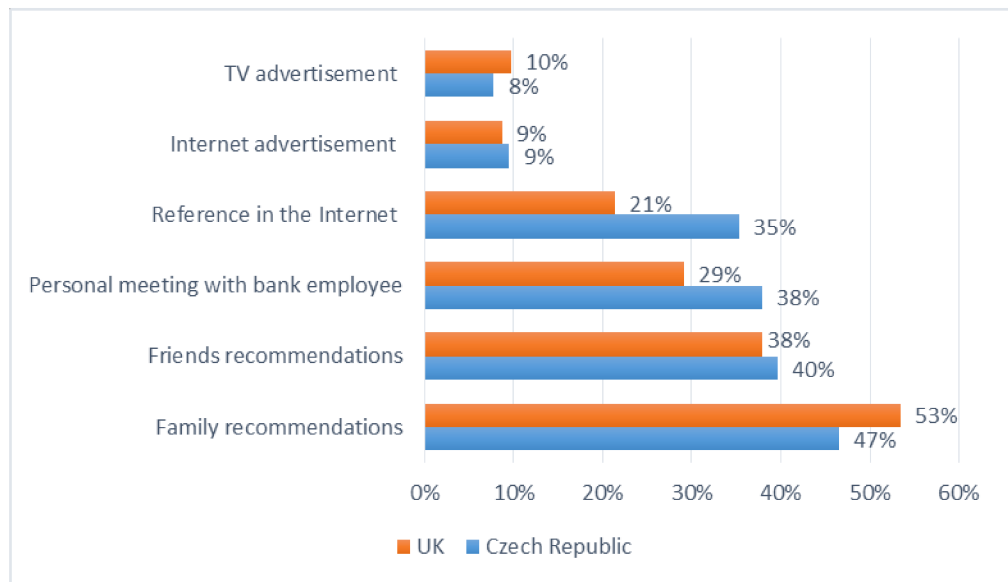


Figure 5.4 Selected information sources comparison in both countries

## 5.4 Criteria of choice

Criteria of choice are closely similar for both countries. The statistically significant difference was found for *Low or no fees* when the countries were compared ( $p = 0.034$ ), thus, it is the only criteria which is dependable on the residential country. No statistical significance has been found for social status nor for gender or age groups, as a result, it is possible to state that people mostly use the same criteria when selecting bank no matter if they are students or fully employed. The most important criteria for respondents are *Low or no fees* along with *ATMS and Bank availability* (see Figure 5.5). Other findings by Akram, Raza, and Farhan (2012) and Lee and Marlow (2003) only confirm these results. They explain that consumers are often not willing to pay for the current bank account, however, they add that account holders tend to pay fees for premium services as they think it is appropriate to charge the extra services they get. By the same token, report from Kolakkides (2015) shows the same attitude of respondents towards fees and quality of services provided by banks.

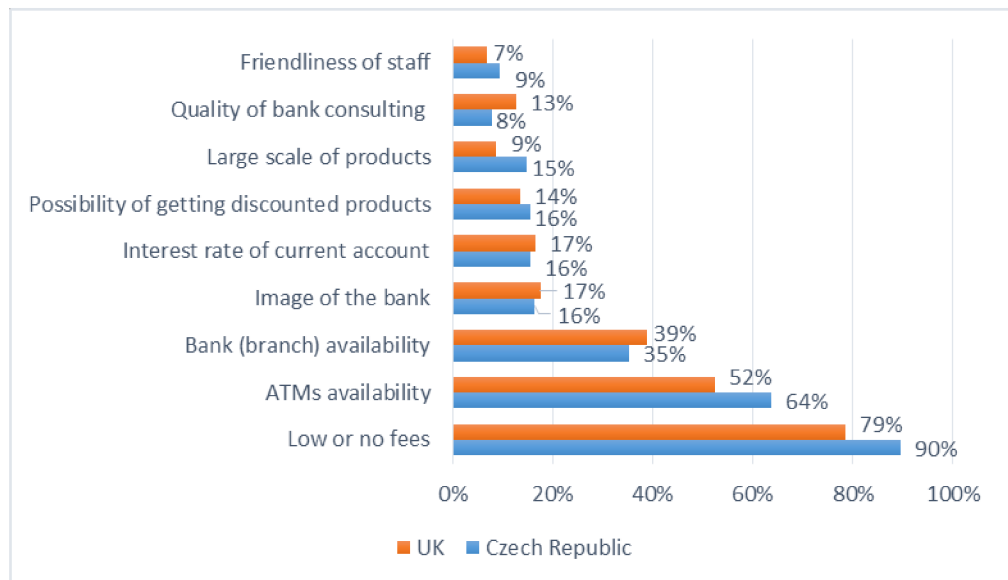
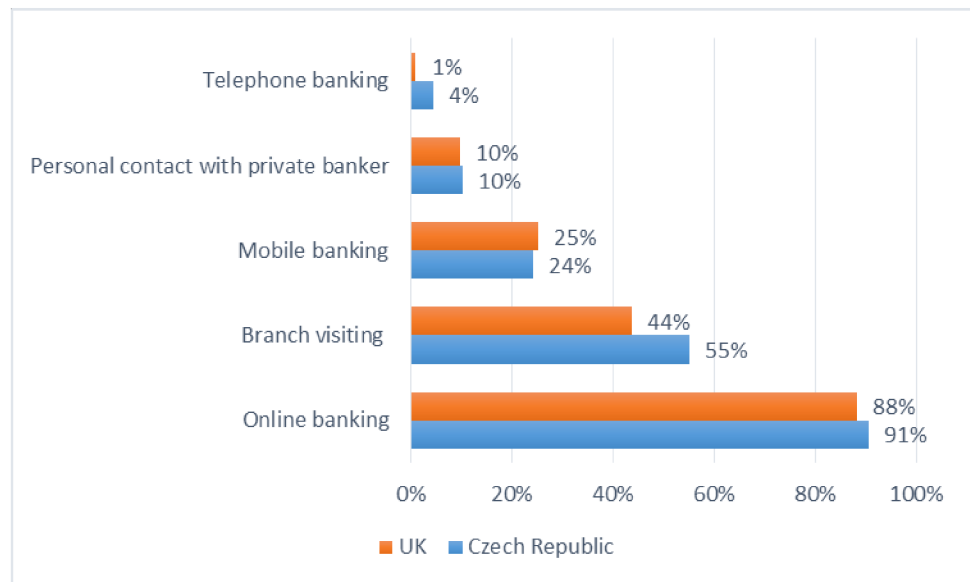


Figure 5.5 Criteria of selecting bank comparison in both countries

## 5.5 Form of communication

For service providers communication is the most important part, for this reason, respondents were asked what form of communications they use with their bank and select all possible forms they use. When conducting the analysis no statistical significance was found between the two compared countries nor for gender. However, statistical significance of  $p = 0.031$  was found for *Branch visiting*. Further analysis gives result of  $T_B = 0.073$  which explains that with increasing age slightly increase number of consumers who use this form of communication.

In most cases respondents like to use *Online banking* as a form of communication, followed by *Branch visiting* (see Figure 5.6). Surprisingly, *Mobile banking* was behind branch visiting. This result indicates that people do not like to share personal information on their mobile phones, especially, information about bank accounts. Another research conducted by McGivney (2015) explains that only 8% of respondents stated that they would share their sensitive personal data on their mobile phone, therefore, this can explain unpopularity of mobile banking among respondents of this research. Certainly, people prefer to visit branch than use the app on their smartphone.



**Figure 5.6 Comparison of communication form in both countries**

Additionally, the same question was given to respondents where they had to choose only one form of communication that they use most often. Again, no statistical significance was found in between the countries nor among the age groups. It is evident from the Figure 5.7 that with the big lead the most often used form of communication is *Online banking*. More than 80% of respondents from both countries selected this option. Likewise, Kolakkides (2015) reports in her research that most common and popular form of communication is online banking followed by branch visiting. Also, she states that many people do not trust mobile banking as her research shows that more than 50% of them have never tried this form of communication. However, generation Y was expected to use these communication more often as they are familiar with new technologies, the results of this research proved wrong to this assumption.

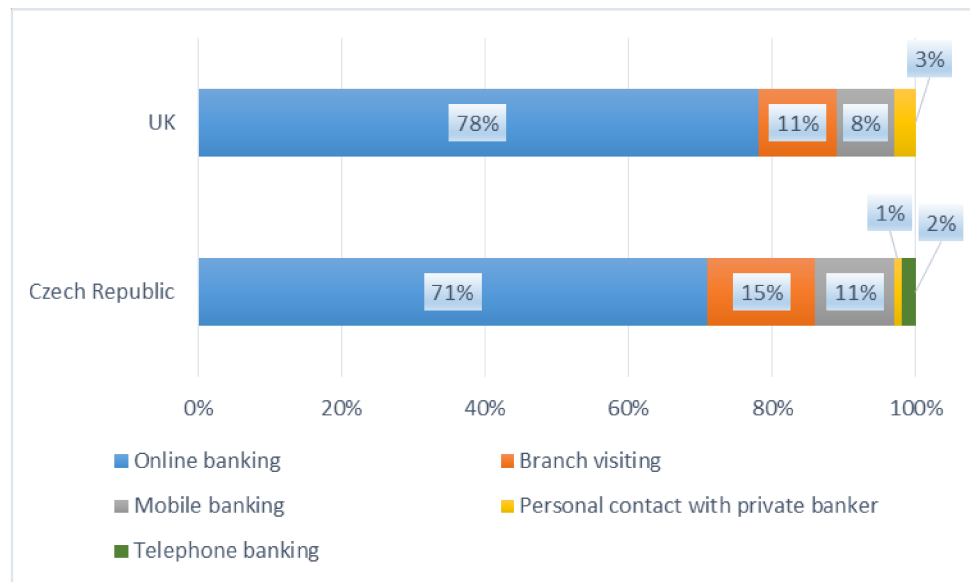


Figure 5.7 Preferred form of communication comparison in both countries

## 5.6 Post-purchase satisfaction

Respondents were asked to evaluate their satisfaction with their main current account. For this evaluation was used scale 1-7 (1 – very dissatisfied, 7 – very satisfied).

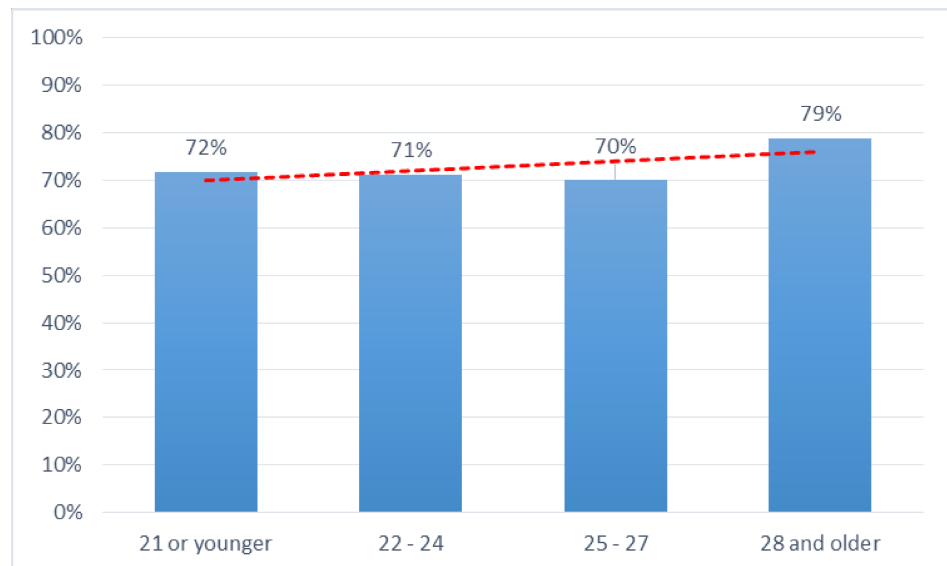
### H<sub>02</sub>: The overall satisfaction is not dependent on age

Again, by using one way ANOVA test it was found out that these two variables are not dependent as the p is 0.354 which is greater than 0.05. In other words, the hypothesis was proved to be right (see Table 5.2). In Figure 5.8, can be seen the means of each age group. As the line is almost horizontal it only confirms the hypothesis of independence. Although by conducting further analysis (see Table 5.3), it is obvious that with increasing age also slightly increases satisfaction as Pearson's r is 0.087, this also explains why the line is not horizontal.

#### ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9,563	3	3,188	1,091	,354
Within Groups	628,446	215	2,923		
Total	638,009	218			

Table 5.2 ANOVA test for satisfaction in dependence of age

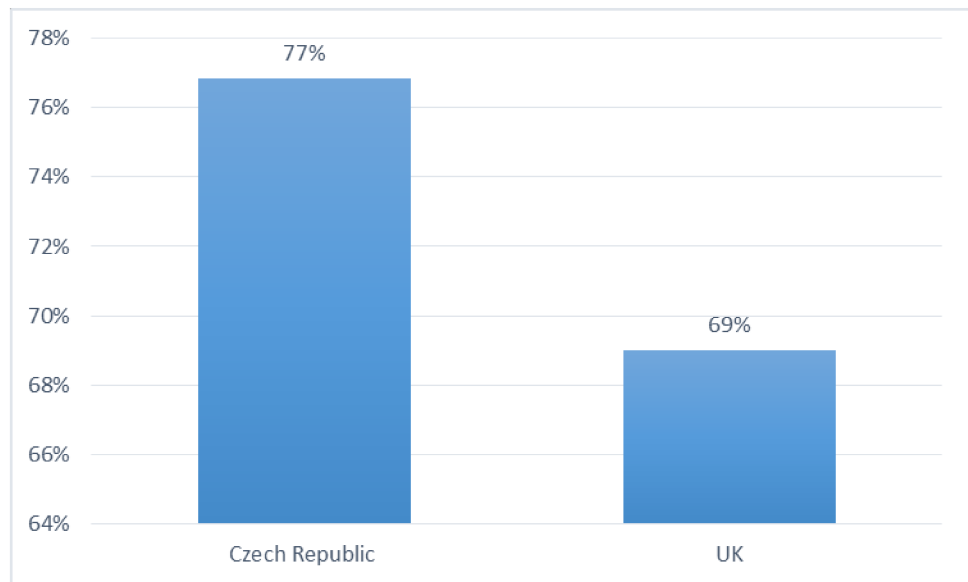


**Figure 5.8 Comparison of satisfaction index for each age group (in %)**

Correlations		
		Level of satisfaction
	Pearson Correlation	,087
Age group	Sig. (2-tailed)	,199
	N	219

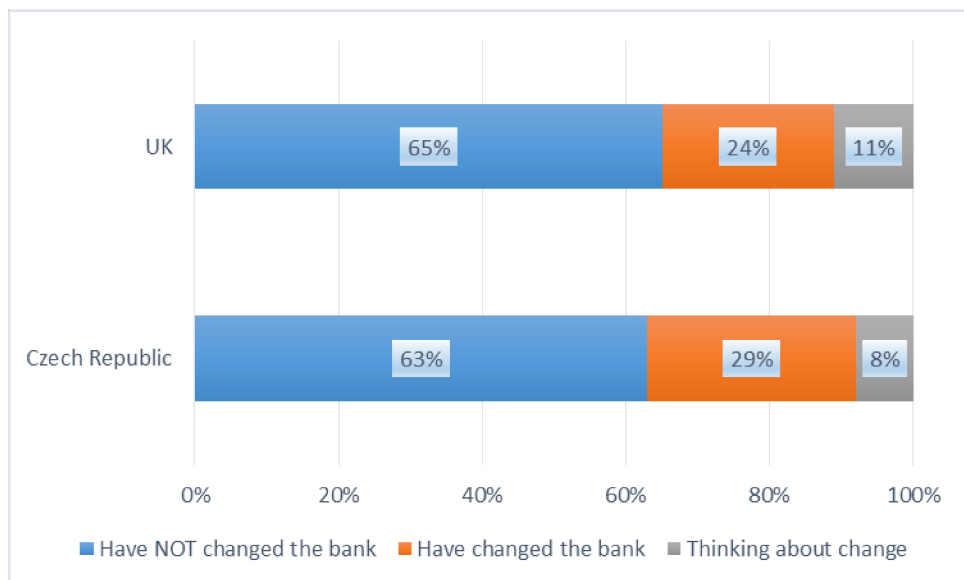
**Table 5.3 Pearson Correlation between satisfaction and age**

Furthermore, the overall satisfaction within countries was examined as it has been found out statistical significant between variables where  $p$  was 0.04. From the Figure 5.9 is certain that the better overall satisfaction with the current bank account is in the Czech Republic where the mean is 5.61 whereas in the UK it is 5.14.



**Figure 5.9 Comparison of satisfaction index in both countries (in %)**

Along with the satisfaction, respondents were asked if they changed bank in the last 2 years. The results are in Figure 5.10. Most of the people in both countries have not changed bank. However, more people in the Czech Republic have changed bank in the recent years. Of course, this affirms the theory that many people switched accounts because of the new small banks in the Czech market. Also, the switching of banks is possible in the UK as well so it explains the obtained value.



**Figure 5.10 Change of bank comparison in both countries**

In addition, correlation between the overall satisfaction and the bank change was looked at in more detail.



### H<sub>03</sub>: The overall satisfaction is not dependent on the bank change.

By testing the relationship between the variables, ANOVA test was used along with partial eta squared, which shows the effect size. Indeed, the analysis showed that there is a statistical significance as  $p = 0.001$ , furthermore,  $\eta = 0.068$  which indicates very small effect size. Moreover, the means of each answers were calculated and from Figure 5.11 it is certain that those who have changed bank are more satisfied as  $M = 5.63$  (Note that the showed satisfaction is with the new bank) compared with those who have not changed bank in the last two years as their  $M = 5.49$ . On the contrary of both groups who have and have not made change are those who are thinking about change. Their  $M = 4$  which shows some signs of dissatisfaction with their current bank account. However these results cannot be generalized as the mentioned effect size is very small. Also, in the obtained data only 10% of respondents said that they did not change bank in the last two years but they think about change.

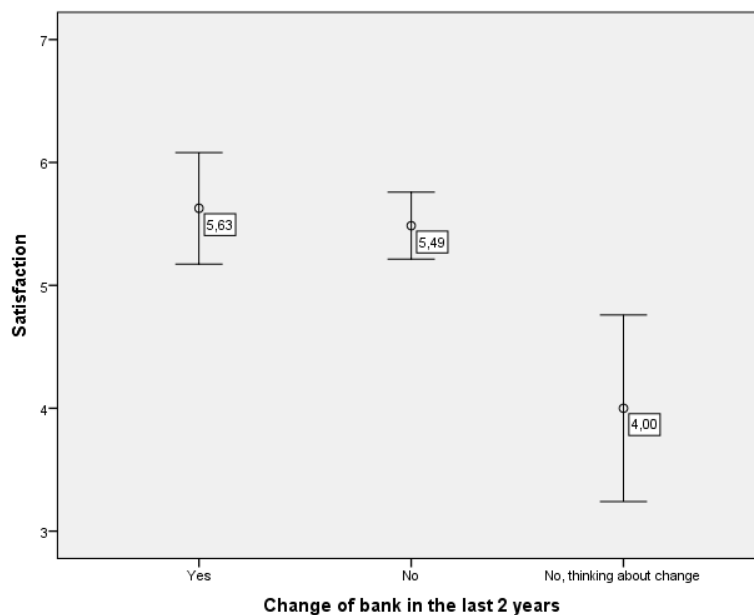


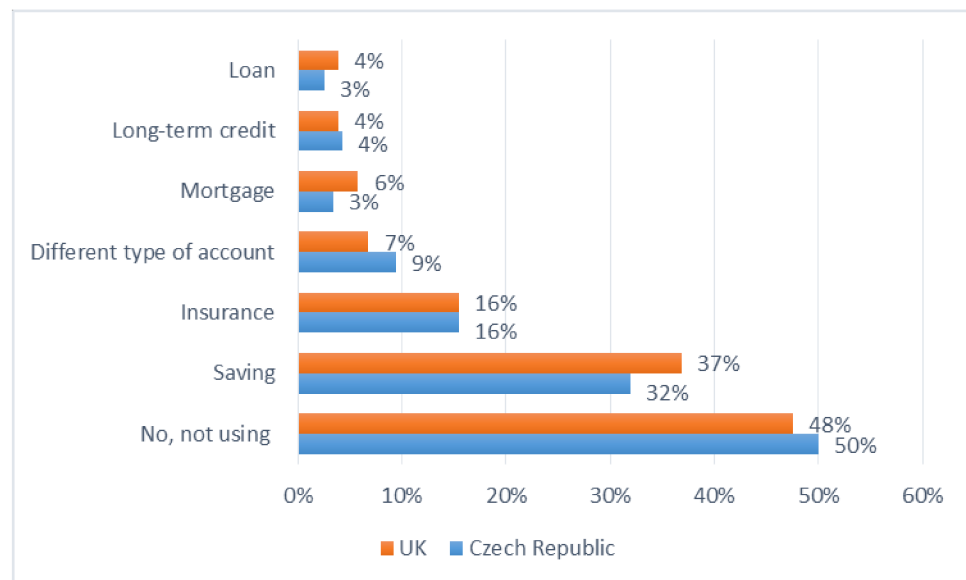
Figure 5.11 Satisfaction means in dependence of change of bank

## 5.7 Product preferences

As important as having current bank account can be different type of products provided by banks. Hence, the respondents were asked if they use along with the current bank account some other product in terms of financial services. The analysis showed no statistical significance between the countries and each product. Nonetheless, further

analysis showed statistical significance between the age groups and some of the products. In particular it was the usage of *Long-term credit* ( $p = 0.002$ ) and *Mortgage* ( $p = 0.000$ ), also, statistical significance was found in the statement of *No, not using any products* (0.044). As there was statistical significance between countries, for the age groups were all answers from both countries examined together. Indeed, for the long-term credit the positive correlation was found ( $r = 0.202$ ) as well as for the mortgage ( $r = 0.252$ ). Both correlations mean that with higher age people are more likely to use one of these products along with the current bank account. In other words, more members of the older age group of generation Y use these type of products. In contrast, negative correlation was found for those who do not use any other product ( $r = - 0.137$ ). In another way, younger members do not use any products apart from current bank account which is logical as they are more likely students and it would not make sense to take mortgage or loan.

In terms of answers the most respondents identified that they are not using any other product. *Saving*, *Insurance*, and *Different type of account* were selected to be the most used products (see Figure 5.12).



**Figure 5.12 Usage of additional products comparison in both countries**

Moreover, respondents were given a similar question where they were asked if they are interested in using some other products that their bank may to them. No statistical significance was found between the countries. By using other analysis only one statistical significance among the age groups and interest in the product.

Specifically, this product was *Insurance* ( $p = 0.001$ ) where negative correlation was found ( $r = - 0.214$ ). In other words, the younger members of the generation Y showed more interest in this type of product.

All results are evident from Figure 5.13, where can be seen that most respondents have no interest in other products. The most interesting option of other products for respondents is *Saving* along with *Mortgage* and *Insurance*. It should be noted that for each product was at least one respondent who would be interested.

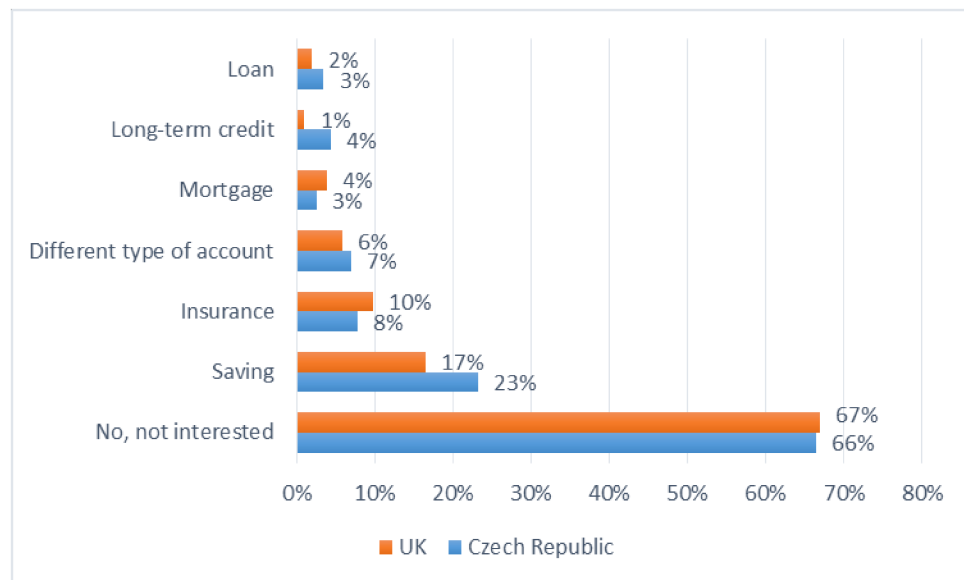


Figure 5.13 Comparison of potential product usage in both countries

## 5.8 Characteristics of consumers

To better characterize the behaviour behind bank selection process, the respondents were asked to identify their personal attitude towards several statements. These statements were rated on scale from 1 – very disagree to 7 – very agree. Statistical significance was examined between both countries and each statement, yet, no significance was found. Nonetheless statistical significance among the age groups was found for three statements. Firstly, the statement “*It is important for me what my peer thinks of the image of my bank*” showed  $p = 0.015$ , furthermore, negative correlation appeared  $r = - 0.136$ . As a result, this means that younger groups from generation Y are more sensitive towards the opinion of their peer. Next statement “*It is necessary for me that the bank has its own branches and ATMs*” had statistical significance of  $p = 0.002$  and negative correlation of  $r = - 0.189$ . Similarly to the

previous statement younger groups are more concerned about bank's own branches and ATMs, which might be surprising as the older groups can be mostly seen as more traditional. Indeed, looking at the means of the group *21 and younger* where  $M = 5.66$  and the group *28 and older* where  $M = 4.31$  only confirms the analysis with the assumption. The last statement which was identified with statistical significance of  $p = 0.000$  and again negative correlation of  $r = -0.197$  was "*I prefer personal contact with bank employees*". This is also an interesting result as younger members of generation Y agree more with this statement than the older members. When compared the means, the group *21 and younger* had  $M = 4.38$  and the group *28 and older* had  $M = 3.05$ . The statement itself did not suggest to respondents any option of preferring the personal contact to, however, the other options can be presumed as impersonal contacts such as online banking. Therefore it is interesting that young consumers who were raised among technologies prefer the personal contact.

As no statistical significance between countries was found, to further analyse the means of each statements, both data sets were combined due to the similarity. Figure 5.14 displays each statement with its mean value. Clearly, the respondents agreed the most that they are satisfied with the selected bank ( $M = 5.58$ ) compared with the bank change where they disagreed the most ( $M = 3.14$ ). These two statements affirms the analysis conducted with hypothesis number 3 as only small portion of the respondents think about change of bank and the majority is satisfied.

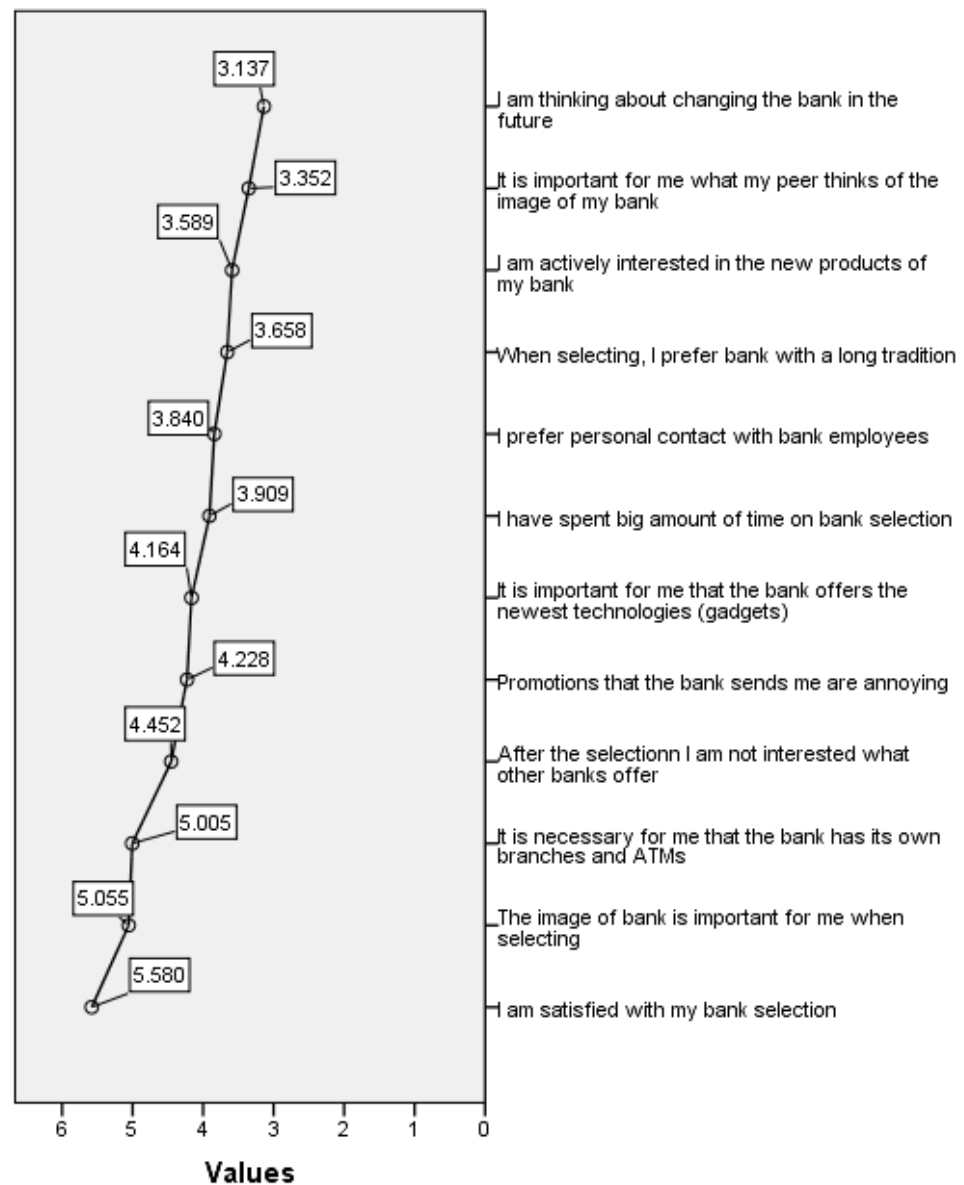


Figure 5.14 Means of each statement

The importance of bank's image is the second most agreed statement. As this was identified as relevant for the respondents ( $M = 5.06$ ), yet, it is not as important what their peer think about the bank the respondents have chosen ( $M = 3.35$ ). This is another interesting finding about the attitude of the consumers as they do not rely on post-purchase opinion of their friends and others but rather they rely on their own opinion. However, as the previous analysis showed there are two different views of this statement within generation Y. Also, similar situation is for the third most agreed statement of bank owning its own branches and ATMs ( $M = 5.01$ ) where again different age groups showed different attitude towards this statement.

As a rule, the consumers identified that they have not spent too much time on bank selecting. This result disagree with Ennew and Waite (2007) as they believe that people spend more time than usual when selecting financial service provider. Furthermore, the consumers do not rely on tradition of the bank. Consequently, this might be a big opportunity for the small banks at the Czech market (Hovorka, 2015) as well as for the digital banks at the British market (Kolakkides, 2015). Additionally, it can be said about the consumers that they are not interested in what other banks offer once they have chosen bank ( $M = 4.45$ ), this might differs on the later satisfaction with the bank. Apart from this, consumers do not appreciate the promotion that the banks might send as they find it inappropriate ( $M = 4.23$ ).

## 6 Recommendations

In this section will be discussed recommendations not only for banks but also for customers so they can make the right decision when choosing bank. As the result showed, what people are looking for is the simplicity of using the basic functions that banks should offer. This is also the reason why many clients in the Czech Republic switch their accounts from traditional banks to low-cost banks. Low-cost banks offer current bank accounts without any charges combined with easy to use online banking. However, they are missing branches or in some cases own ATMs, they show understanding of the customers. Indeed, when customers are satisfied with the services they get, they spread this information as a word-of-mouth, and as a result, they may recommend the bank to their friends and family. Therefore, the banks should focus on their clients through relationship marketing but mainly they should understand the needs of their clients. What the results of this research showed is that people only wants the current bank account and they are not really interested in any other products banks offer. In this case, less is more. In summary, providing good quality service that is demanded by customers, in this case current bank accounts, creates satisfaction and positive word-of-mouth. Consequently, satisfied clients can bring more customers or they can use other services/products offered by bank.

Choosing the right bank can be difficult for customers because banks offer intangible services and therefore the potential clients are in disadvantage because they cannot try the service or get evidence that they get what they really need. For this reason, people tend to look for information around their friends and family (or use internet references) so they can hear opinions of others who already have experience with similar situation. However, the final decision should be made by using heuristics, in other words, people should make matrix (similar to the matrix from chapter 2) based on their needs and expectations. By collecting and analysing the data from necessary resources (family, friends, or internet) the final decision should be made. The decision has to be rational and not based on feelings as many people tend to do which is wrong, especially, when choosing bank.

## 7 Conclusion

It has been found that the identified key players in both countries have the biggest number of customers. In particular, *Lloyds*, *HSBC*, and *Barclays* in the UK and *Česká spořitelna*, *Komerční banka*, and *ČSOB* in the Czech Republic. Furthermore, the results showed the popularity of small banks such as *Fio banka* or *Air bank* in the Czech Republic which has been also proved by other studies and researches.

Apart from this, several hypothesis were created on the basis of the objectives of this paper and on the theory that was provided in the theoretical issues in chapter 2. First hypothesis has proved that only one external factor is dependable on the residential country as source of information (*Reference in the internet*). Moreover, the analysis showed that for consumer is the most valuable source of information family and friends. Indeed, this result affirms with the theory that word of mouth, particularly from family, is the most important factor for consumer when choosing bank (service).

Additionally, the results say that *low or no fees* is the most important criteria when choosing bank. Further analysis has proved that this criteria is the only one which is dependable on the country of residence as for Czech consumers it was more often chosen criteria than for British ones. Besides, *internet banking* is for consumers the most used way of communication with bank. Moreover, *mobile banking* is not used as often because consumers do not fully trust sharing private information with their mobile phones.

Another hypothesis has showed that the overall satisfaction is not dependable on age. However it has been proved that overall satisfaction is connected to the change of bank in recent years. Consumers who have changed the bank showed higher satisfaction. Also, those who are thinking about change showed the lowest satisfaction. In addition, the results showed that Czech consumers are more satisfied than British.

To sum up, the overall results of the analysis have proved that when consumers choose banks, the residential country has no or minimal influence to their final decision. Nonetheless, the results also showed several differences within the group of generation Y in dependence of age as the consumers showed different views of selecting bank and their preferences.



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## **List of Abbreviations**

ECB – European Central Bank

EU – European Union

FinTech – Financial Technology

UK – the United Kingdom

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## **List of Appendices**

**Appendix A:** Questionnaire for British Market

**Appendix B:** Questionnaire for Czech Market

# Appendix A

## *Questionnaire for British market*

Dear Respondents,

This questionnaire will be used to collect data that are necessary to complete analysis in my dissertation at University of Huddersfield. This study is based on consumer behaviour (Generation Y) at banking sector. Furthermore, the collected data will be compared with collected data in the Czech Republic as the paper is comparing consumer behaviour in two countries (the Czech Republic and the United Kingdom)

**1. Do you have current bank account?**

- a) Yes
- b) Yes, 2 and more
- c) No (*if No go to question 12*)

**2. Where is your current bank account?**

*(Choose all banks where your current accounts are)*

- a) Lloyds
- b) HSBC
- c) Santander
- d) RBS
- e) Natwest
- f) Halifax
- g) Co-operative
- h) Nationwide
- i) Barclays
- j) Tesco bank
- k) Other

**3. Which factors have you used for bank selection?**

*(Choose min 1 and max 3 answers)*

- a) Family recommendations
- b) Friends recommendations
- c) Personal meeting with bank employee
- d) Internet advertisement
- e) TV advertisement
- f) Newspapers (magazines) ads
- g) References in the Internet

**4. What form of communication do you use?**

*(Choose all forms you use for communication)*

- a) Online banking
- b) Mobile banking
- c) Telephone banking
- d) Branch visiting
- e) Personal contact with private banker

**5. What form of communication do you use most often?**

*(Choose only 1 answer)*

- a) Online banking
- b) Mobile banking

- c) Telephone banking
  - d) Branch visiting
  - e) Personal contact with private banker
6. **Select your current satisfaction with your bank where your main current account is:**  
(1 - *Very unsatisfied*, 7- *Very satisfied*)
- 1      2      3      4      5      6      7
7. **What is for you important when selecting bank**  
(Choose *min 1 and max 3 answers*)
- a) Bank (branch) availability
  - b) ATMs availability
  - c) Low or no fees
  - d) Large scale of products
  - e) Interest rate of current account
  - f) Friendliness of staff
  - g) Quality of bank consulting
  - h) Possibility of getting other (preferable) products
  - i) Image of the bank
8. **Have you changed your bank in the last 2 years?**
- a) Yes
  - b) No
  - c) No, thinking about change
9. **Are you using different products besides your current account offered by your bank?**  
(Choose *all relative answers*)
- a) Different type of account
  - b) Long-term Credit
  - c) Saving
  - d) Loan
  - e) Mortgage
  - f) Insurance
  - g) No, not using
10. **Are you interested in using different products offered by your bank?**  
(Choose *all relative answers*)
- a) Different type of account
  - b) Credit
  - c) Saving
  - d) Loan
  - e) Mortgage
  - f) Insurance
  - g) No, not interested
11. **Show your personal attitude towards following statements:**  
(1 – *Strongly disagree*, 7 – *Strongly agree*)
- The image is important for me when selecting bank
- 1      2      3      4      5      6      7
- I have spent big amount of time on bank selection
- 1      2      3      4      5      6      7
- It is important for me what my peer thinks of the image of my bank
- 1      2      3      4      5      6      7
- I am actively interested in the new products of banks
- 1      2      3      4      5      6      7
- It is important for me that the bank offers the newest technologies (gadgets)
- 1      2      3      4      5      6      7
- After the bank selection I am not interested what other banks offer
- 1      2      3      4      5      6      7
- When selecting, I prefer bank with a long tradition

*1            2            3            4            5            6            7*

It is necessary for me that the bank has its own branches and ATMs

*1            2            3            4            5            6            7*

I prefer personal contact with bank employee rather than internet, mobile, or phone banking

*1            2            3            4            5            6            7*

**12. Gender**

- a) Male
- b) Female

**13. Status**

- a) Student
- b) Student + part-time job
- c) Student + full-time job
- d) Full-time job

**14. Age group**

- a) 18 or younger
- b) 19 – 21
- c) 22 – 24
- d) 25 – 27
- e) 28 – 30
- f) 31 or more

## Appendix B

### *Questionnaire for Czech market*

Vážení respondenti,

tento dotazník slouží ke sběru dat za účelem vypracování bakalářské práce pro Ekonomickou fakultu VŠB-TU v Ostravě obor Marketing a obchod. Tato práce pak poslouží jako analýza chování spotřebitelů (generace Y) v bankovním prostředí. Zároveň se bude porovnávat chování spotřebitelů v České republice a ve Velké Británii. Výsledky české verze dotazníků budou zveřejněny na serveru VYPLNTO.CZ.

1. **Vlastníte běžný bankovní účet? (jedna odpověď)**
  - a) Ano, jeden
  - b) Ano, dva a více
  - c) Ne (Přejít k otázce o demografii)
2. **U jaké banky máte zavedený účet? (více odpovědí)**
  - a) Česká spořitelna
  - b) ČSOB
  - c) Komerční banka
  - d) UniCredit Bank
  - e) Raiffeisenbank
  - f) GE Money Bank
  - g) Sberbank CZ
  - h) Air bank
  - i) Fio banka
  - j) Equa bank
  - k) Jiná
3. **Jaké faktory (informační zdroje) jste využil(a) při výběru banky? (vybrat pouze tři zdroje a seřadit dle důležitosti)**
  - a) Doporučení rodiny
  - b) Doporučení známých či přátel
  - c) Osobní jednání s pracovníkem banky
  - d) Internetová reklama
  - e) Televizní reklama
  - f) Reklama v novinách či časopisech
  - g) Reference na internetu
4. **Jaké formy komunikace s Vaší bankou využíváte? (více odpovědí)**
  - a) Online banking
  - b) Mobile banking
  - c) Telephone banking
  - d) Návštěva pobočky na přepážce
  - e) Osobní kontakt s privátním bankéřem
5. **Jakou formu komunikace s Vaší bankou využíváte nejčastěji? (jedna odpověď)**
  - a) Online banking
  - b) Mobile banking
  - c) Telephone banking
  - d) Návštěva pobočky na přepážce
  - e) Osobní kontakt s privátním bankéřem

6. Uveďte Vaši dosavadní spokojenost s Vaší bankou, kde máte Váš hlavní běžný účet? (jedna odpověď)
- | Velmi spokojen |   |   |   |   | Velmi nespokojen |   |
|----------------|---|---|---|---|------------------|---|
| 1              | 2 | 3 | 4 | 5 | 6                | 7 |
7. Co je pro Vás při výběru banky důležité? (vybrat pouze tři zdroje a seřadit dle důležitosti)
- a) Dostupnost banky (pobočky)
  - b) Dostupnost bankovních automatů
  - c) Minimální poplatky za vedení účtu
  - d) Široká nabídka služeb
  - e) Úročení běžného účtu
  - f) Příjemný personál banky
  - g) Kvalitní bankovní poradenství
  - h) Možnost získání dalších (zvýhodněných) služeb
  - i) Pověst (image) banky
8. Změnili jste v posledních dvou letech banku? (jedna odpověď)
- a) Ano
  - b) Ne
  - c) Ne, ale uvažuji o změně
9. Využíváte jiné produkty poskytované Vaší bankou kromě běžného účtu ? (více odpovědí)
- a) Jiný typ účtu
  - b) Úvěr
  - c) Spoření
  - d) Půjčka
  - e) Hypotéka
  - f) Pojištění
  - g) Ne, nevyužívám
10. Máte zájem o jiné produkty poskytované Vaší bankou kromě běžného účtu ? (více odpovědí)
- h) Jiný typ účtu
  - i) Úvěr
  - j) Spoření
  - k) Půjčka
  - l) Hypotéka
  - m) Pojištění
  - n) Ne, nemám zájem
11. Vyjádřete Váš osobní postoj k následujícím tvrzením ohledně bank (1 – zcela souhlasím, 7 – zcela nesouhlasím)
- a) Dobrá pověst banky sehrála důležitou roli během výběru
  - b) Možnost získat názor známých a rodiny pomohla při výběru
  - c) Výběr banky byl pro mě náročný
  - d) V médiích se objevuje reklama ohledně bank příliš často
  - e) Bankovní reklamy mi připadají nepříjemné a rušivé
  - f) Výběru banky jsem věnoval velké množství času
  - g) Je pro mě důležité, co si okolí myslí o mé bance
  - h) S výběrem banky jsem spokojen
12. Jaké je Vaše pohlaví?
- a) Muž
  - b) Žena
13. Jaký je váš status?
- a) Student
  - b) Student + brigáda/částečný úvazek
  - c) Student + práce na plný úvazek
  - d) Pracující na plný úvazek
14. Do jaké věkové skupiny patříte?



- a) 18 let a mladší
- b) 19 – 21 let
- c) 22 – 24 let
- d) 25 – 27 let
- e) 28 – 30 let
- f) 31 a více